

# Naked Wines PLC - Final Results

2024-08-28

RNS Number : 8942B

Naked Wines PLC

28 August 2024

28th August 2024

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

**Full year results for the 52 weeks ended 1 April 2024**

**Focus moving to growth**

Naked Wines is pleased to announce its full year results for the 52 weeks ended 1 April 2024 (FY24).

**FY24 highlights:**

- Total sales of £290m, (18)% year-on-year ((13)% on a 52-week comparable basis<sup>1</sup>)
- Adjusted EBIT<sup>1</sup> of £5.0m (FY23 52-week comparable: £14.9m), at the upper end of guidance range of £2-6m
- Statutory loss before tax of £16.3m (FY23: loss before tax £15.0m) driven by non-cash goodwill impairment and inventory provision charges of £12.2m (FY23: £28.4m)
- Inventory reduced by £13m to £132m (FY23: £145m), net £13m provision (FY23: £11m)
- Net cash excluding lease liabilities<sup>6</sup> of £20m (FY23: £10m), above guidance range of £5-15m

**Post year end:**

- New credit facility completed with PNC providing additional liquidity and fewer operating constraints
- Q1 trading broadly in line with expectations

**Group financial summary<sup>1</sup>:**

	FY24	FY23	FY24 vs FY23	52-week comparable	FY24 vs FY23 52- week comparable2
<b>Total revenues</b>	£290.4m	£354.0m	(18)%		
<b>Total adjusted revenues3</b>	£288.5m	£350.9m	(18)%	£333.4m	(13)%
New	£23.6m	£26.9m	(12)%	£25.2m	(6)%
Repeat	£264.1m	£320.7m	(18)%	£305.2m	(13)%
Other	£0.8m	£3.3m	(76)%	£3.0m	(73)%
Investment in New Customers	£(23.3)m	£(21.4)m	9%	£(20.0)m	17%
Repeat Customer contribution	£65.3m	£86.5m	(25)%	£81.7m	(20)%
Other contribution	£(0.7)m	£0.3m	(333)%	£0.2m	(450)%
<b>General and administrative costs excluding adjusted items4</b>	<b>£(36.3)m</b>	<b>£(48.0)m</b>	<b>(24)%</b>	<b>£(47.2)m</b>	<b>(23)%</b>
Operating general and administrative costs	£(35.9)m	£(41.1)m	(13)%	£(40.3)m	(11)%
Share-based payments	£(0.4)m	£(1.5)m	(73)%	£(1.5)m	(73)%
Marketing R&D	-	£(5.4)m	n/a	£(5.4)m	n/a
<i>Memo: statutory general and administrative costs</i>	<i>£(37.9)m</i>	<i>£(53.1)m</i>	<i>(29)%</i>		
<b>Adjusted EBIT5</b>	£5.0m	£17.4m	(71)%	£14.9m	(66)%
Adjusted items5	£(16.8)m	£(31.6)m	(47)%		
<b>Statutory operating loss</b>	£(11.8)m	£(14.3)m	(17)%		
Net finance costs including loss on early redemption of the vendor loan note	£(4.5)m	£(0.7)m	643%		
<b>Statutory loss before tax</b>	£(16.3)m	£(15.0)m	9%		
<b>Net cash excluding lease liabilities6</b>	£19.6m	£10.3m	90%		
<b>Net assets</b>	£76.8m	£98.7m	(22)%		
<b>Inventory (including that under staged payments)</b>	£144.9m	£165.7m	(13)%		

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) The amount of cash held less borrowings at year end excluding lease liabilities.

**Operational KPIs and Customer APMs:**

Operational KPIs	FY24	FY23
5* customer service	92%	92%
Product availability	91%	90%
Buy it again	91%	90%

Customer APMs	FY24	FY23	FY24 vs FY23
Repeat Customer sales retention <sup>1</sup>	<b>75%</b>	76%	(100)bps
Repeat Customer contribution margin	<b>24.7%</b>	27.0%	(230)bps
Active Angels in last 12 months	<b>723,000</b>	867,000	(17)%
Year Forecast Payback <sup>2</sup>	<b>1.3x</b>	1.7x	(0.4)x
Realised Year 1 Payback <sup>3</sup>	<b>40%</b>	39%	100bps

Notes:

1) Sales retention calculated on a 52-week basis

2) Forecast payback includes estimated value from non-Angel subscribers recruited in the period. FY23 payback is latest forecast, original forecast 1.5x.

3) Realised Year 1 Payback is the average of Year 1 Paybacks observed for cohorts reaching their first anniversary in the last 12 months

**Rowan Gormley, non-Executive Chairman, said:**

*"We're making real progress turning things round. Now that the team has addressed the cost base and liquidity issues, we can focus our attention on the big prize...restoring Naked Wines to profitable growth. With a new invigorated team looking at the challenge with a fresh perspective, I feel confident that we will see Naked fulfil its potential to revolutionise the DtC wine market"*

**Rodrigo Maza, CEO, said:**

*"I am honoured to lead Naked Wines into its next chapter and our new team is fully focused on returning Naked to profitable growth. Over the past few months, we have made significant strides by strengthening our financial foundations, embedding resilient management practices, and importantly, crystallising a robust customer proposition. This proposition not only drives our mission to enable independently-minded wine drinkers to enjoy great wine without the guesswork but ultimately ensures long-term engagement and a competitive advantage."*

**Guidance and outlook:**

Our view on headline FY25 metrics is 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 losses	£(2) - £(5)m

Adjusted EBIT including inventory liquidation	£(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

**Analyst and investor conference call:**

Naked Wines plc will host an analyst and investor conference call at 9am BST on 28th August 2024. The briefing will be webcast using the following link: **Naked Wines Full Year 2024 Results | SparkLive | LSEG**

A recording will also be made available on the Results section of our investor website shortly after the conference call.

**For further information, please contact:**

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**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 (who we call Angels) 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 299 of the world's best independent winemakers and over 2,500 quality wines from 23 countries. In the last financial year, we served more than 723,000 Angels in the US, UK and Australia, making us a leading player in the fast-growing direct-to-consumer wine market.

For more information visit [nakedwines.com](https://nakedwines.com) or follow us [@nakedwines](https://twitter.com/nakedwines).

### **Chairman's letter**

I am pleased to report that your company is in much better shape than it was a year ago, and that we have made substantial progress in returning Naked to profitable growth.

This is not immediately apparent from the trading results which, although in line with expectations, reflect the company we were, rather than the company we are starting to become.

### **A tumultuous year**

You will be painfully aware that Naked's prospects and share price have suffered post-COVID, and as a result, I rejoined the Company as Chairman in July 2023. It quickly became apparent that we needed to make some big changes very quickly.

- Board composition:
  - David Stead and Melanie Allen stood down from the Board. We thank them both for their service;
  - Jack Pailing joined the Board as a non-Executive Director - Jack has made a very valuable contribution and we value his input; and
  - We parted company with our CEO, Nick Devlin, and I stepped in as Executive Chairman while we conducted a search for a new CEO. More on this below.
- Guardrails  
To get Naked turned around, and quickly, we agreed a series of "guardrails" to reduce trading volatility, support profitability and provide clarity on our objectives. These guardrails are:
  - Limit general and administrative costs to around 11% of revenue;
  - Maintain Investment in New Customers at £23m to £27m per annum through to March 2026 - enough to rebuild growth, with further growth to come from increased efficiency rather than increased spend;
  - Allocate capital in a rational way, including serious consideration of share buybacks when the liquidity outlook improves; and
  - Drawing a line under our overstocking issues and allowing us to get back to profitable growth for key winemaker partners.

### **Foundations laid**

We have spent the last six months laying a solid foundation for the future on three fronts:

1. New management team;
2. Clearing the problems of the past; and
3. Creating a platform for the future,

### **New management team**

We wanted to find a CEO who combined the strategic clarity required to navigate a challenging period, the leadership skills to galvanise our team and the humility to recognise what makes Naked Wines special and to build on that.

After a thorough search, we found that person in Rodrigo Maza (Maza to his friends). We had the benefit of knowing Maza for a few months in his capacity as MD of our UK business and I have worked alongside him as CEO Designate for the past few months. I am delighted with what I see.

In addition to Maza, we have recruited Paul Calandrella to run our US business. Paul's background is as a General Manager in REI and Amazon, and most recently as CEO of a B2C startup. This experience gives him some strong insights which I look forward to seeing him bring to bear at Naked.

### **Clearing the problems of the past**

Work here has focused on three areas:

1. New credit facility and revisions to capital structure;
2. Reducing the cost base; and
3. Right-sizing inventory.

Our CFO, James Crawford, covers our funding position in detail in his review so I won't duplicate that, except to say that Naked Wines is a well capitalised business - but too much of our capital is still tied up in inventory. We

now have a banking facility which provides additional liquidity, and which is sufficient to fund us through a severe but plausible downside.

On the cost base, our goal was to get costs down and to reallocate resources to areas where we needed more depth. We have done both of those and the end result is a business with operating general and administrative (G&A) costs £5m lower than 12 months ago AND properly resourced to drive profitable growth.

The inventory issue we faced requires some context. At the height of COVID, the team in place at the time entered into a number of contracts assuming that COVID levels of demand would persist for an extended period. This proved to be an incorrect assumption, which took an unhelpfully long time for the team to recognise and remedy.

This has been compounded by a US bulk market that has the highest oversupply ever recorded. There are several reasons behind this, the main one being that the US has had three harvests in a row without the usual natural disasters of floods, drought, fire and frost. This has meant that Naked's ability to sell off surplus inventory in the bulk market has been severely hampered.

#### **What we have done about it**

1. We have stopped the problem getting worse - we have negotiated with our suppliers to reduce or cancel shipments to stop new wine coming in. We have done this intelligently to ensure that we can maintain a competitive range and support our strategic suppliers.

2. We have set up a separate team with the sole focus of clearing the surplus through third-party sales.

3. Where we can do so, we are taking the opportunity to increase volumes through our own channels, at lower margins, without cannibalising our core proposition.

The good news in all of this is that the inventory is high quality and almost all from the winemakers we expect to keep working with for the long term. Where we have not seen a path to selling inventory before it is likely to deteriorate, we have bitten the bullet and cleared or written off that inventory.

I would like to thank our winemakers for their continued support through this process. While the results of a lot of our work remain to be seen, gross inventory (i.e. before any provisioning) has dropped 10% during FY24 and we expect it to continue to fall significantly during FY25.

#### **Creating a platform for the future**

I have had a unique opportunity of rejoining a company I know well, after a period of absence, and to work with a new team who are seeing the inside of the business for the first time.

This combination has enabled us to get a degree of strategic clarity which is hard for an incumbent team to achieve.

Maza has covered this in greater detail in his section, but the key insights are:

- The path to maximising shareholder value lies in delivering sustainable long-term profitable growth;
- The key to doing that is driving growth through higher retention - customers stay longer and spend more, plus high retention makes individual customers more valuable and therefore easier to acquire economically; and
- The key to achieving higher retention is to:
  - Build on the competitive advantage of our model - £ for £ we can make better wine than our competitors because we can fund exceptional winemakers;
  - Pivot to personal - expanding our addressable market by tailoring our proposition to a wider audience; and
  - Fundamentally rethink how we demonstrate Naked's value proposition to current and prospective customers.

The last of these points is very important. Over the years we have over-relied on discounts, vouchers and coupons to attract new customers. Ironically, the reason our loyal customers choose to remain loyal is none of those - it is because we deliver great wine without the guesswork.

It is time for us to recognise that and invest the time and money required to reorient our customer acquisition around our unique competitive advantages. This will be hard, there are sure to be setbacks, but I am confident that it can be done and we have the team to do it.

Lastly, I would like, on behalf of the whole Board, to extend our gratitude to our CFO James Crawford. As announced last month, he has informed the Board that he is stepping down as Chief Financial Officer and as a

Director of the Company in the autumn of 2024. This timing is consistent with the arrangement agreed with James when he rejoined the Board as CFO in 2022. James has accomplished his goal of stabilising Naked's liquidity position and adjusting the cost base to reflect a post-COVID environment. We are deeply grateful to James for the huge contribution he has made in growing Naked from a £40m revenue business to a £290m revenue business and wish him the very best in his future endeavours.

**Rowan Gormley**  
Chairman

### **Chief Executive's review**

I am excited and honoured to be appointed as the CEO of Naked Wines.

I could see the potential of this company before I joined, which led me to make the leap to wine after a 17-year career in the beer industry. I could see it during the time I acted as the UK Managing Director, when I was impressed by the engagement customers have with our brand, the strength of our relationships with amazing winemakers and the intense commitment of the team to our mission. And I can see it now as I step into the CEO role.

In my opinion that potential stems from turning our strengths - our scale, our US business structure, our high-quality and good-value wines, our unique relationships with our winemakers and the high levels of loyalty from our long-term customers - into enduring and ownable competitive advantages.

Having worked very closely with Rowan these past months, I've gained extremely valuable insights and perspectives on the business and developed a shared understanding with him and the Board as to what success looks like and the strategy we'll follow to achieve it. It won't be easy but that alignment gives me a lot of confidence as I embrace the challenge of getting Naked to reach its full potential.

### **My priorities**

I want Naked Wines to be the most admired company in our industry. It's a bold ambition that will require us to have removed our liquidity constraints, to build a brand that does justice to the engagement customers have with our company, to partner with independent winemakers to amplify our portfolio and to get the absolute best out of an incredibly talented team. The bad news is that all these things will take time to build. The good news is that we have a strong foundation from which to do so.

My priorities, as the CEO of the Company, are:

#### **1. Ensuring robust foundations**

Naked has had to undergo significant changes to manage the impact of the post-COVID decline.

We have completed a lot of this work through significantly reducing our costs, landing a fit-for-purpose banking facility and accelerating the sale of surplus inventory in the US.

Our operating G&A costs (plus share-based payment charges) for FY25 will be £6m lower due to a sizeable restructure of the organisation executed in January 2024. While it's never pleasant to go through this, the process resulted in a flatter organisation that's moving at a much higher speed, with resources allocated to underinvested opportunities while creating space for up-and-coming talent to develop into.

Our CFO, James Crawford, and his team have worked hard to deliver a banking facility that matches Naked's needs. James will cover the detail in his review, but the new facility we have agreed with PNC will provide much needed stability for our company moving forward. I'd like to thank our finance team for their effort and hope that the trust from both our shareholders and our suppliers is enhanced by this development.

Finally, as Rowan mentioned, we've also set up a team in the US exclusively focused on secondary market sales to accelerate the clearance of our surplus inventory and, by doing so, quickly shrink the inventory on the balance sheet saving us significant annual storage costs and derisking the implications of any changes to our future outlook.

#### **2. Proud to be Naked**

I've also used the time I've had here to establish a new team at the helm of Naked's ship.

I'm excited to partner with exceptional leaders on this journey, with some of them taking on expanded responsibilities within the Company and others joining to provide an outside perspective on how to tackle the challenges ahead. We're all ambassadors of an incredible culture and share ambitious dreams while, at the same time coming from very different backgrounds, both personally and professionally. That's a powerful combination in

my experience, and I'm very happy to have this truly remarkable team in place in such a short space of time.

Through our "Proud to be Naked" initiative we've set the foundations for a high-performance culture to be adopted and embraced at Naked Wines with absolute clarity on the following:

- The North Star Metrics everyone across the business should focus on which will remain fixed throughout the year while we'll stay flexible around the means to deliver them using the OKR methodology (which facilitates alignment and autonomy);
- The transformation projects we're putting in place to upgrade key customer touchpoints and ensure their experience with Naked is not only world-class but significantly differentiated in the market, driving our growth;
- The performance assessment process we'll follow, which considers the results every member of the team is producing, their alignment with our five Naked behaviours and the engagement of their teams (for those with management responsibility); and
- An incentive plan providing a balance between reward across near-term delivery of the performance metrics that will put us on the path to growth and a significant value opportunity in the medium term if we achieve significant share price appreciation.

The response that the Naked team had to these changes has been extremely positive. Understanding our objectives and strategy, as well as how they'll be developed and rewarded by the Company, has resulted in palpable energy and excitement.

While growth is our main priority, we're also working on strengthening our relationships with winemakers. These past few years have not been easy for them, and we're truly grateful for their trust and continued support. We've recently launched our "Winemaker Success" programme, aimed at developing our partnership with winemakers by working together to deliver shared sales, marketing and operations objectives. It has been positively received by winemakers so far and it'll continue to evolve as we build it with them.

### **3. Get Naked back to growth**

With the foundations in place and the team recruited, aligned and incentivised, we are focusing on getting the Company back to growth, which we'll achieve through the following areas:

#### **Customer value proposition**

While established customers often demonstrate high engagement and loyalty to Naked, we haven't effectively communicated the value the Company delivers them. We need to deliver a succinct summary of why we're different from other players in the market through the consistent presentation of a trusted and well-known brand. After months of intense effort, we now have a clear value proposition - "enjoy great wine without the guesswork" - that distils how our business model, technology and service policies remove the guesswork and anxiety that wine drinkers face in traditional shopping channels. We're working at pace to present this across every customer touchpoint we have.

#### **Customer acquisition**

We want to recruit the right customers, for the right reasons, into the right relationships. That has required us to crystallise who our target audience is, test how our value proposition should be presented, reevaluate our channel mix and redesign the site experience for new customers. On the last two points, certain channels have been very successful for Naked in the past, which has resulted in the Company being too leveraged on some of them (e.g. vouchers) while underinvesting in others (e.g. earned media). We're working on redefining what an ideal channel mix looks like while gradually reallocating resources to bring it to life. And we've set up a customer journey from our home page that matches customers to the right type of subscription based on how confident they feel when shopping for wine. This work should result in improved paybacks on customer recruitment as we will reduce discounts to customers who aren't interested in a long-term relationship with us, while improving customer retention in those that do subscribe as customers will have the right relationship with us from day one.

#### **Customer retention**

A significant percentage of the customers Naked acquires leave shortly after joining, with many of them having never truly experienced our value proposition. As stated above, we're completely redefining our onboarding experience to ensure new customers can quickly appreciate the unique value of Naked, encouraging them to stay longer. We're simultaneously implementing a new approach to our communication with existing customers, moving from promotional-driven messaging to engaging content that Naked, because of its unpretentious approach to wine and its genuine connection with unbelievable winemakers, is in a unique position to deliver. This work should result in sustained improvements of our Lifetime Value (LTV). Delivering improvements in these areas is no small feat, and we've hired experienced professionals to guide us through this journey.

#### **Translating actions to value**

While I have absolute confidence that we are driving the right priorities to deliver long-term value, it's important to mention that some metrics might deteriorate before they improve. We're going to be running a significant number

of experiments as we search for the levers that, when pulled effectively, result in sustainable, profitable growth. Some of them won't work as anticipated and, if that happens, payback and/ or customer sales retention KPIs may be impacted. We'll be open and transparent in sharing what's working and what isn't, the effect this is having on our business and what we believe the progress means for the long-term trajectory.

We start FY25 with robust foundations, with our overhead costs reduced and a new banking facility and additional liquidity in place. Commercially, we have clear goals, strategies in place to achieve them and a motivated team that's fully committed to their delivery. We're in an ideal position to get the Company growing again, and while I'm confident we can achieve just that, the possibility of it not happening exists. So I want to make it clear to our shareholders that, should that scenario materialise, I'll be proactive in looking for the inorganic opportunities that deliver the highest return on your investment, and ask for your patience while we seek to grow the value of your Company organically in the near term. I am deeply appreciative of the Long-Term Incentive Plan (LTIP) structure and awards our Remuneration Committee developed to incentivise me and the entire Naked team to drive long-term value and am committed to maximising its impact to the benefit of our shareholders.

**Rodrigo Maza**  
Chief Executive Officer

## Financial review

### Income statement

	<u>As reported</u>			<u>52-week comparable</u>		
	<u>FY24</u>	<u>FY23</u>	<u>YoY</u>	<u>FY24</u>	<u>FY23</u>	<u>YoY</u>
	<u>£m</u>	<u>£m</u>	<u>%</u>	<u>£m</u>	<u>£m</u>	<u>%</u>
Revenue	290.4	354.0	(18)%	288.5	333.4	(13)%
Cost of sales	(178.5)	(205.7)	(13)%	(171.2)	(166.7)	3%
Fulfilment costs	(54.5)	(68.2)	(20)%	(54.6)	(78.0)	(30)%
Gross profit pre inventory provision	57.4	80.1	(28)%	62.7	88.7	(29)%
Inventory provision <sup>4</sup>	(2.4)	(10.3)	(77)%	(2.4)	(10.3)	(77)%
Contribution <sup>1</sup>	55.0	69.9	(21)%	60.3	78.4	(23)%
Advertising costs	(19.0)	(17.7)	7%	(19.0)	(16.3)	17%
General & administrative costs	(37.9)	(53.1)	(29)%	(36.3)	(47.2)	(23)%
Analysed as:						
Operating general and administrative costs <sup>3</sup>	(35.9)	(41.1)	(13)%	(35.9)	(40.3)	(11)%
Marketing R&D	-	(5.4)	n/a	-	(5.4)	n/a
Share-based payments	(0.4)	(1.5)	(73)%	(0.4)	(1.5)	(73)%
Software as a Service costs <sup>4</sup>	(0.1)	(2.3)	(96)%			
Restructuring costs <sup>4</sup>	(1.3)	(1.5)	(13)%			
Other adjusted items <sup>4</sup>	(0.2)	(1.3)	(85)%			
	(37.9)	(53.1)	(29)%	(36.3)	(47.2)	(23)%
Impairments <sup>4</sup>	(9.9)	(18.2)	(46)%			
Profit on disposal of asset held for sale <sup>4</sup>	-	4.8	n/a			
<b>Operating (loss)/profits</b>	<b>(11.8)</b>	<b>(14.3)</b>	<b>(17)%</b>	<b>5.0</b>	<b>14.9</b>	<b>(66)%</b>
Analysed as:						
Adjusted EBIT	5.0	17.4	(71)%			
Adjusted items	(16.8)	(31.6)	(47)%			
Operating loss	(11.8)	(14.3)	(17)%			

1. Contribution is disclosed as gross profit in the Income statement.
2. Refer to the table in the APM section at the end of this announcement for a reconciliation of reported to 52-week comparable performance.
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.
4. Refer to note 6 Adjusted items for further details.
5. 52-week comparable figures do not represent statutory operating profit amounts.

## Overview

During FY24 the actions we have been taking to drive liquidity and profitability, and the guardrails we have put on how we will operate, were demonstrated in our financial performance. With net cash excluding lease liabilities of £19.6m, having broadly doubled year-on-year, a lower cost base supporting ongoing improved profitability (at the adjusted level) and reducing inventory, our confidence that we are moving through our challenges is increasing. However, having operated the business in line with our pivot to profitability plan in FY23, the last year has also seen the impact of lower customer recruitment, and the consequent reduction in the size of the business, become clear in the Group's financial performance.

Revenues are 18% lower, Repeat Customer contribution is 25% lower and, as a result, adjusted EBIT is 71% lower. Lower sales result in slower use of inventory, which remains high versus long-term trends at £145m (including advance payments to winemakers and net of a £13m provision balance) as historic commitments continue to arrive. And we have borne a range of sizeable charges reported as adjusted items totalling £16.8m, relating to the restructuring we have undertaken on the weaker outlook for the business.

Together, this has resulted in a statutory operating loss of £11.8m, 17% lower than the reported operating loss in the previous year of £14.3m.

## FY24 basis of comparison

While FY24 has been a "normal" 52-week year, the comparator year in FY23 contained 53 weeks, which we use periodically to allow our trading periods to always align with weeks of the year. Exchange rates, while relatively stable, have changed with the average USD translation rate for revenues of 1.2570 in FY24 versus

1.2063 in FY23. And we have continued to make disposals of excess inventory as bulk commercial sales. Given these complexities, we offer two comparators to provide insight into the trading trends in the business:

1. Reported to reported, as shown on the face of the financial statements; and
2. Comparable 52-week basis with all foreign currency balances translated at FY24 rates, the impact of week 53 removed from the FY23 comparator and provisioned inventory sales removed and reported net within adjusted items. See the reconciliation of reported results to 52-week comparable figures at the end of this announcement and note 6 Adjusted items for further information.

The key drivers of the difference between these measures are as follows:

## Reconciliation of reported results to 52-week comparable figures

	FY24		FY23	
	Revenue £m	Operating loss/EBIT £m	Revenue £m	Operating loss/EBIT £m
Reported	290.4	(11.8)	354.0	(14.3)
Adjusted items	(1.9)	16.8	(3.1)	31.6
Adjusted	288.5	5.0	350.9	17.4
Less: 53rd week	-	-	(7.2)	(1.1)
Translation to FY24 FX rates	-	-	(10.3)	(1.4)
52-week comparable	288.5	5.0	333.4	14.9

1. The EBIT impact of the 53rd week of £1.1m is at a contribution level and does not include an apportionment of fixed costs borne across the financial year.

### Drivers of Group P&L performance

In FY24 total revenue declined by 18% to £290m. On a comparable 52-week basis, this was a 13% decline. This largely reflects an Active Angel number decline to 723,000, a 17% decrease compared with FY23 with a corresponding drop in sales to repeat customers of 13% on a comparable 52-week basis ((18)% on a reported basis).

On a statutory basis, gross profit has declined by 21% to £55.0m from £69.9m, including a net additional inventory provision charge of £2.4m (FY23: £10.3m). Repeat Customer contribution of £65.3m has reduced by 20% on a 52-week comparable basis and 25% reported. This trend is driven by a reduction in Repeat Customer sales due to lower Angel numbers and a reduction in Repeat Customer contribution margins which have moved from 26.8% in FY23 to 24.7% in FY24 on a comparable 52-week basis. This reduction reflects the challenge of the business shrinking - with fixed warehousing costs being amortised over fewer orders, ongoing high stock levels driving high storage costs and the impact of some aggressive discounting undertaken to liquidate excess inventory.

Investment in the acquisition of new customers in the year grew 17% to £23.3m on a comparable 52-week basis (up 9% on a reported basis), broadly consistent with the £25m "guardrail" investment level. Investment economics have remained challenging with LTVs suppressed by lower Repeat Customer contribution margins and cost per new member inflated by poor conversion of marketing to new memberships.

General and administrative (G&A) costs of £37.9m were 29%, or £15.2m, lower than the prior year. Analysed further (see reconciliation of G&A costs in the APM section at the end of this announcement for a full reconciliation), operating G&A costs were £36m, a reduction of 11% on a 52-week comparable basis. During the year we undertook a further restructuring and cost reduction programme, the result being that we expect G&A to reduce further in FY25.

Share-based payment charges (including associated social security costs) for the year totalled £0.4m, significantly reduced from £1.5m in FY23 due to the reduction in workforce and the phasing of costs for the transition award in FY23 being weighted early due to the vesting schedule.

We eliminated our marketing R&D programme in the year (FY23: £5.4m) with all new customer recruitment spending now included in our overall marketing costs and payback calculations.

The net of the above factors resulted in adjusted EBIT of £5.0m, down from £14.9m on a 52-week comparable basis (£17.4m on an adjusted 53-week basis). Refer to the FY24 basis of comparison above and the reconciliation of reported results to 52-week comparable figures at the end of this announcement. The reduction versus FY23 can be summarised as:

### FY23 to FY24 adjusted EBIT bridge

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	£m
<b>FY23 adjusted EBIT</b>	<b>16.0</b>
Less: week 53 impact	(1.1)
<b>52-week adjusted EBIT</b>	<b>14.9</b>
Change in Repeat Customer contribution	(16.4)
Increase in New Customer investment	(3.3)
Change in other contribution	(0.9)
Reduction in operating G&A costs	4.4
Reduction in share-based payment charge	1.1
Marketing R&D spend	5.4
<b>FY24 adjusted EBIT</b>	<b>5.0</b>

The Group's reported operating loss of £11.8m reflects the impact of £16.8m of costs relating to adjusted items, the key components of which are set out in the table below.

### Key adjusted items

	£m
FY24 Inventory provision charge	(6.7)
Release of FY23 inventory provision	4.3
Net movement in US inventory provision	(2.4)
Losses on provisioned inventory disposals	(2.8)
Bad debt	(0.2)
Impairments	(9.9)
Restructuring costs	(1.4)
Software as a Service investment	(0.1)

For further analysis of the drivers of the current year inventory provision, refer to the inventory outlook and action plan section below.

Impairment charges have been recognised in, principally, the US business segment as well as Australia, as a result of reduced future trading expectations. The US charge predominantly represents impairment of the remaining acquired goodwill allocated to this business unit as well as impairment of other intangible assets. Impairment in the Australian segment largely relates to right-of-use assets.

Refer to note 6 Adjusted items for further details of all of these 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.

Interest charges totalled £2.0m in the year, being the net of interest earned on cash balances and the Majestic Wine vendor loan note prior to disposal, and charges relating to the asset-backed lending facility with Silicon Valley Bank and interest on right-of-use assets.

The Group's statutory effective tax rate of (27.7)% is substantially driven by the distortionary impact of the non-tax recoverable impairment charge reported in the year and the net impact of changes to deferred tax recognition. Current tax of £1.3m was driven by profitable trading in the US and Australia, including the impact of material non-deductible temporary timing differences in the US relating to the inventory provision and 'UNICAP' inventory tax adjustments, partially offset by corresponding deferred tax credits as set out above.

#### **New and repeat customers and our subscription KPIs**

Note: commentary in this subsection is given on a comparable 52-week basis.

#### **Summary new and repeat performance analysis**

	52-week comparable		
	FY24 £m	FY23 £m	YoY
New Customer sales	23.6	25.2	(6)%
Investment in New Customers	(23.3)	(20.0)	17%
Repeat Customer sales	264.1	305.2	(13)%
Repeat Customer contribution	65.3	81.7	(20)%
Repeat Customer contribution margin	24.7%	26.8%	(210)bps
Other revenue	0.8	3.0	(73)%

Other contribution	(0.7)	0.2	(450)%
<b>KPIs</b>			
Repeat Customer sales retention	75%	76%	(100)bps
Active Angels	723,000	867,000	(17)%
5-Year Forecast Payback	1.3x	1.7x	(0.4)x
Year 1 Payback	40%	39%	100bps

See the APM section at the end of this announcement for definitions of alternative performance measures and reconciliations to statutory reported figures.

### **New customers**

Investment in New Customers was £23.3m, up from £20.0m in FY23. This increase reflects our desire to invest at a consistent level of around £22- £25m to reduce volatility in the business, in particular the supply chain.

Our 5-Year Forecast Payback, which is the ratio of projected future Repeat Customer contribution we expect to earn from new customers recruited in the year, over the investment spend related to acquiring those new customers, was 1.3x (FY23: 1.7x reported). The deterioration in this number was due to significantly higher costs of recruiting each new member, despite an uplift of 10% in the forecast value of each member.

The uplift in cost per member is attributable to:

1. The proportion of new memberships derived from our internal data sources e.g. reactivation of old members being significantly lower as we had generated significant value from this source during FY23, resulting in a smaller pool of potential new members; and
2. Lower conversion of our marketing materials into site traffic and first orders in the partner channel. The root cause of this change is unclear and, as Maza has stated, we have a number of projects underway to test new approaches and rectify the trend.

We continue to assess that the business needs to be delivering at or above a 2x payback target to create value, and have invested at suboptimal returns as:

- Our reducing scale leads, in the near term, to lower efficiency in our fulfilment operations which contain a significant level of fixed costs. As such the marginal cost of each incremental order we generate is significantly lower and the profitability higher, and we consider it rational to drive these incremental orders; and
- With significant amounts of excess inventory, the cash profile of each order we generate is higher than the contribution of the order (which is the basis of our payback calculations). For as long as we are reducing inventory, this effect means cash paybacks are significantly higher than our payback measure suggests.

### **Repeat customers**

Repeat Customer sales were £264.1m, a 13% decrease versus the prior year. With Angel numbers continuing to decline this represents an increase of 4% in sales per member.

Our Repeat Customer sales retention, which is the proportion of sales made to customers who met our definition of repeat last year and placed orders again this year, was 75% (FY23: 76%). Sales retention is driven by a combination of customer retention and the change in sales per Angel year-on-year. The decline in FY24 is driven by a 10% decrease in growth in sales per Angel, offset by a 6% increase in Angel retention.

Repeat Customer contribution margins have decreased further in the year from 26.8% to 24.7%. Whereas last year we saw margin compression due to fulfilment cost increases, this year the driver was at the gross margin line which reduced by 2.1pps. This can be analysed as:

- Deep-discount stock liquidation 1.0pps
- Mix shift away from the US 0.6pps
- UK supplier failure 0.2pps
- Other 0.3pps

Our Year 1 Payback for the year, which is the contribution realised in this financial year from repeat customers recruited in the prior financial year, divided by the investment made in the prior year recruiting those customers, was 40% (FY23: 39%) reflecting the higher payback we forecast on FY23 investments versus FY22 (1.7x versus 1.5x respectively).

### Other revenue and contribution

Other revenue and contribution in the US reflect commercial disposals of excess inventory at above cost. Disposals below cost are combined with provisioning charges and shown as adjusted items.

Detailed analysis of each geographic segment and a full reconciliation of reported results to 52-week comparable figures can be found in the APM section at the end of this announcement.

### Cash flow drivers

Following two years of significant cash outflows, as the business built inventory due to historic commitments being far in excess of realised demand, FY24 was the year where we turned the corner. During the year, the Group's net cash excluding lease liabilities balance increased by £9.3m. The drivers of this are:

### Cash flow analysis

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	£m
<b>Operating loss</b>	(11.8)
Add back: depreciation and amortisation	3.0
Add back: other non-cash amounts <sup>1</sup>	2.5
Add back: impairments	9.9
Change in inventory	14.9
Change in payables	(3.4)
Change in Angel funds and other deferred income	(1.8)
Other working capital movements	(5.5)
<b>Operating cash flow</b>	<b>7.8</b>
Tax and net interest paid	(4.5)
Capital expenditure	(1.1)
Proceeds from early redemption of the vendor loan note	9.0
Repayments of principal under lease liabilities	(2.0)
<b>Movement in net cash excluding lease liabilities</b>	<b>9.2</b>
Opening net cash excluding lease liabilities	10.3
Movement in net cash excluding lease liabilities	9.2
FX	0.1
<b>Closing net cash excluding lease liabilities 2</b>	<b>19.6</b>

1. Other non-cash amounts is made up of movement in the US segment inventory provision (£2.3m), share-based payment charge (£0.4m), loss on disposal of fixed assets (£0.2m) and gain on early termination of leases (£0.4m).

2. See the APM section at the end of this announcement for a reconciliation of net cash excluding lease liabilities to balance sheet captions.

The Group generates over 50% of its revenues from international operations. As a result, the year-end balance sheet is subject to the impact of changes in exchange rates as well as underlying movements. As shown in the table below, reducing Angel deposits (due to fewer Angels) and lower outstanding payables balances (due to less stock purchases) all contributed to the cash usage in the year, offset by a reduction in inventory balances.

### Key balance sheet items (£m)

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	Impact in the year				
	FY23	FX	Net movement in non-cash inventory	Underlying movement	FY24

**provision**

Net cash excluding lease liabilities	10.3	0.1	-	9.2	19.6
Inventory including advances to winemakers	165.7	(3.5)	(2.4)	(14.9)	144.9
Angel funds and other deferred income	(71.3)	1.2	-	1.8	(68.3)
Trade and other payables <sup>1</sup>	(42.4)	0.3	-	3.4	(38.7)

1. Excludes current tax liabilities

### **Inventory outlook and action plan**

The Group has been challenged by a substantial overstock position in all markets over the last two years and has undertaken a large-scale programme of reducing commitments to remedy this. Our future inventory intake commitments have reduced from £223m at the end of FY22 and £162m at the end of FY23 to £103m at the end of FY24, with reductions achieved in all of our markets. As a result the UK and Australian markets will be back at an appropriate stock level during FY25.

Our overstock position in the US remains a critical challenge for the Group. During the year we undertook an exercise to group current US inventory plus future intake (already made and forecast) to the end of FY27, totalling \$238m, into three segments.

1. "Core inventory"- inventory needed to the end of FY27 of \$198m (83% of the US total including future intake). This is the inventory that will support sales and an appropriate level of closing inventory at the end of FY27 and will be sold through business-as-usual activities.
2. "Provisioned inventory"- inventory expected to expire before sale in the normal course of business of \$9m (4% of the US total including future intake). This is stock that we don't expect to sell before the wine quality deteriorates such that it should not be sold. This stock has been provisioned to near nil value, as set out below, reflecting a low expected recovery level for some portions of bulk wine.
3. "Optional Inventory" - inventory saleable before expiry, but only after FY27 of \$31m (13% of the US total including future intake). This is stock that our forecasts show will sell to our customer base before it expires albeit, over an extended period. As such this stock does not require provisioning, but we still intend to explore opportunistic liquidation of some of this inventory through alternative channels. This may be as bulk or bottled goods, potentially seeing future margin dilution but generating cash. We have resourced a small team dedicated to this exercise. We feel this is important as:

- The stock will tie up capital for a period of multiple years, while incurring additional storage costs. As such, realisation below cost of goods sold is economically rational;
- The stock creates potential risk of future expiry in the event of changes to demand outlook; and, importantly
- The stock limits our ability over an extended period of innovating within the range, risking detriment to our customer proposition.

We have included £2-5m of losses on these sales in the guidance for FY25, however, as the eventual sales volume and profitability will be a function of bulk wine markets, we will provide updates on progress alongside regular trading commentary. Note that the profit or loss on any sales of non-provisioned stock through alternative channels will be reported within adjusted EBIT as other contribution, in contrast to the FY24 provisioning which was treated as an adjusted item.

As a consequence of this analysis, and as set out in note 6 Adjusted items, the business has made a further overstock inventory provision in its US business unit amounting to £6.7m. At the balance sheet date, the Group's total inventory provision and its movement since the end of the previous financial year is set out below:

### **Inventory provision movement analysis**

	<b>Overstock inventory provision £m</b>	<b>Other inventory reserves £m</b>	<b>Total £m</b>
<b>Opening inventory provision</b>	<b>9.7</b>	<b>1.5</b>	<b>11.2</b>
FX	(0.2)	-	(0.2)
Additional provision during the year	6.7	0.7	7.4
Provision release	(1.2)	(0.6)	(1.8)
Provision utilisation	(3.1)	(0.2)	(3.3)
Net inventory reserve movement	2.4	(0.1)	2.3
<b>Closing inventory provision</b>	<b>11.9</b>	<b>1.4</b>	<b>13.3</b>

### Capital allocation

The Group's policy is to test for the existence of excess capital biannually as we update our forecasts for the business. Should it be determined that we have excess capital, available investment opportunities will be compared with expected returns from repurchasing the Company's shares and capital allocated to the highest returning opportunities. At present we do not believe the business has excess capital and no returns of capital, either as dividends or through other mechanics, are planned at this time. We will review this regularly during FY25 as we progress our inventory reduction and assess the optionality afforded by the new credit facility.

### New asset-backed lending facility, capital structure evolution and Angel security

Subsequent to the end of the financial year, the Group completed a competitive process to source a new asset-backed lending (ABL) facility to replace the facility previously provided by Silicon Valley Bank. 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 global inventory levels. 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.

Indicatively, the facility's financial effect, using a representative current SOFR rate is that a representative \$10m of draw down for 12 months would amount to a total finance charge of approximately £0.8m. In addition, the Group anticipates annualised amortisation charges of the new facility arrangement fees of around £0.4m.

The facility has two primary purposes.

#### 1. To provide liquidity in the event of a downside trading scenario

As we have seen in recent times, in the event that the revenue trajectory of the business falls below the forecast level, Naked's role as a manufacturer of wine (whether directly or through long-term commitments to winemakers) results in excess stock and lower levels of liquidity across the Group. The facility provides substantial additional liquidity over and above the £20m of net cash excluding lease liabilities the Group held at the end of FY24 in case such a scenario arises.

#### 2. To provide security to Angels

During the process of sourcing a new credit facility, we took a broader look at our capital structure. A key source of funding for the business comes from our Angels who keep money on deposit which we use to fund winemakers. Our treasury policy requires us to maintain inventory and/or cash on hand in excess of any Angel balances to ensure these funds are not used to cover any operating losses. While this provides the customer with asset backing, it does not guarantee liquidity for cash refunds. By generating liquidity from the inventory assets that Angels have funded, the facility provides greater availability of cash to fund redemptions should it be needed. This is made available directly through the Company's ability to draw cash from the facility and through provision of security to payment processors whose networks are used to make refunds.

At the unaudited management reporting period end closest to the completion date of the facility on 8 July 2024, the Group held net cash excluding lease liabilities of £15.3m. On completion, the facility had available liquidity of \$48.1m.

### Liquidity and going concern

The Group has rebuilt its net cash excluding lease liabilities position during the year, through a combination of generating adjusted EBIT, reducing inventory levels and early redemption of the loan note issued on the sale of the Majestic Wine business in 2019. The combination of this improvement, the additional liquidity and reduction in covenant limitations afforded by the new credit facility, and the expectation of additional material cash generation through peak trading in the near future, has improved the Group's resilience to weather any downturn in trading while also affording headroom for any unexpected calls on our liquidity. As a result, we no longer report a material uncertainty around our going concern assessment, see the Board's going concern disclosure in note 4 of this announcement for further details.

### Recent trading and outlook

Trading for the first few months of the financial year was, in aggregate, broadly in line with the Board's expectations, with variances seen month to month as consumer response to our marketing remains varied as we conduct testing to deliver on our strategy of returning to profitable growth. These dynamics continued into early Q2.

Our expectations for the year are based on continued flat KPIs year-on-year in each market, and incorporation of known cost initiatives within fulfilment cost and the G&A cost base. We have then flexed these to the downside based on observed historic negative variances in trading being seen for an extended period, and to the upside based on targeted shifts in KPIs from our strategic initiatives. We have overlaid on this an estimated range of outcomes from inventory liquidation activity outside of business-as-usual activities which will be reported within adjusted EBIT for the year.

The resulting range of outcomes for the full year FY25 is as set out in the guidance and outlook section at the front of this announcement, and includes revenue between £240m and £270m, adjusted EBIT excluding inventory liquidation of £3m to £8m and adjusted EBIT including inventory liquidation of £(2)m to £6m with closing net cash excluding lease liabilities of £25m to £35m.

**James Crawford**  
Chief Financial Officer

## Consolidated income statement

For the 52 weeks ended 1 April 2024

Continuing operations	Note	52 weeks ended 1 April 2024 £'000	53 weeks ended 3 April 2023 £'000
<b>Revenue</b>	5	<b>290,412</b>	354,045
Cost of sales		(178,522)	(205,739)
Fulfilment costs <sup>1</sup>		(54,582)	(68,159)
<b>Gross profit pre movement in US inventory provision<sup>1</sup></b>		<b>57,308</b>	80,147
Movement in US inventory provision	6	(2,357)	(10,254)
<b>Gross profit<sup>1</sup></b>		<b>54,951</b>	69,893
Advertising costs		(19,036)	(17,690)
General and administrative costs		(37,869)	(53,092)
Impairment of non-current assets	7	(9,877)	(18,183)
Profit on disposal of asset classified as held for sale	6	-	4,814
<b>Operating loss<sup>2</sup></b>		<b>(11,831)</b>	(14,258)
Finance costs		(3,359)	(2,217)
Finance income		1,422	1,455

Loss on early redemption of the vendor loan note	8	(2,559)	-
<b>Loss before tax</b>		<b>(16,327)</b>	(15,020)
Tax	9	(4,516)	(2,393)
<b>Loss for the year</b>		<b>(20,843)</b>	(17,413)
<b>Loss per share</b>			
Basic and diluted	10	<b>(28.3)p</b>	(23.6)p

- The Directors have reviewed their application of IAS 1 Presentation of Financial Statements and have elected to disclose fulfilment costs within gross profit, which were previously recognised below gross profit. Comparatives have also been re-presented with no impact on the loss for the year.
- Operating loss analysed as:

	Note	52 weeks ended 1 April 2024 £'000	53 weeks ended 3 April 2023 £'000
<b>Adjusted EBIT</b>		<b>4,974</b>	17,365
Adjusted items:			
Non-cash charges relating to acquisitions	6	-	(1,293)
Right-sizing of US inventory	6	<b>(5,419)</b>	(13,964)
Impairment of non-current assets	7	<b>(9,877)</b>	(18,183)
Profit on disposal of asset classified as held for sale	6	-	4,814
Other adjusted items	6	<b>(1,509)</b>	(2,997)
<b>Operating loss</b>		<b>(11,831)</b>	(14,258)

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

## Consolidated balance sheet

As at 1 April 2024

	Note	1 April 2024 £'000	3 April 2023 £'000
<b>Non-current assets</b>			
Goodwill and intangible assets		<b>5,859</b>	14,938
Property, plant and equipment		<b>2,468</b>	2,757
Right-of-use assets		<b>2,794</b>	5,374
Deferred tax assets		<b>3,425</b>	7,328
Other receivables		-	10,711
		<b>14,546</b>	41,108
<b>Current assets</b>			
Inventory staged payments to winemakers <sup>1</sup>		<b>13,273</b>	20,239

Inventories <sup>1</sup>		<b>131,581</b>	145,427
Trade and other receivables		<b>10,460</b>	5,610
Financial instruments at fair value		<b>21</b>	30
Cash and cash equivalents	11	<b>31,851</b>	39,474
		<b>187,186</b>	210,780
<b>Current liabilities</b>			
Trade and other payables		<b>(38,738)</b>	(42,427)
Current tax liabilities		<b>(249)</b>	(1,836)
Angel funds and other deferred income		<b>(68,314)</b>	(71,314)
Lease liabilities		<b>(1,392)</b>	(2,030)
Provisions		<b>(1,475)</b>	(1,709)
Borrowings	11	<b>(12,248)</b>	-
Customer-funded bonds	11	<b>(35)</b>	(35)
Financial instruments at fair value		<b>(268)</b>	(290)
		<b>(122,719)</b>	(119,641)
<b>Net current assets</b>		<b>64,467</b>	91,139
<b>Total assets less current liabilities</b>		<b>79,013</b>	132,247
<b>Non-current liabilities</b>			
Provisions		-	(14)
Lease liabilities	11	<b>(2,246)</b>	(3,821)
Borrowings	11	-	(29,131)
Deferred tax liabilities		-	(603)
		<b>(2,246)</b>	(33,569)
<b>Net assets</b>		<b>76,767</b>	98,678
<b>Equity</b>			
Share capital		<b>5,550</b>	5,550
Share premium		<b>21,162</b>	21,162
Capital redemption reserve		<b>363</b>	363
Currency translation reserve		<b>6,497</b>	7,930
Retained earnings		<b>43,195</b>	63,673
<b>Total equity</b>		<b>76,767</b>	98,678

1. The Directors have reviewed the disclosure of staged payments to winemakers in respect of inventory and have elected to disclose the amounts separately on the face of the balance sheet. Comparatives have also been re-presented. The amounts were previously aggregated within inventories. There is no impact on net assets or equity.

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

By order of the Board,

James Crawford  
Chief Financial Officer  
27 August 2024

## Consolidated cash flow statement

For the 52 weeks ended 1 April 2024

	Note	52 weeks ended 1 April 2024 £'000	53 weeks ended 3 April 2023 £'000
<b>Operating activities</b>			
Net cash flows from/(used in) operations	11	7,821	(29,981)
Overseas income tax paid		(2,812)	(2,020)
<b>Net cash from/(used in) operating activities</b>		<b>5,009</b>	<b>(32,001)</b>
<b>Investing activities</b>			
Interest received, including interest received on the vendor loan note		1,053	737
Purchase of property, plant and equipment		(1,136)	(1,478)
Proceeds on disposal of property, plant and equipment		61	11
Proceeds from sale of asset classified as held for sale		-	5,624
Proceeds from early redemption of the vendor loan note		9,000	-
<b>Net cash from investing activities</b>		<b>8,978</b>	<b>4,894</b>
<b>Financing activities</b>			
Interest paid		(2,751)	(1,719)
Repayments of principal under lease liabilities		(2,036)	(1,532)
Debt issuance costs paid		-	(791)
Repayment of borrowings		(16,707)	-
Drawdown of borrowings		-	30,464
<b>Net cash (used in)/from financing activities</b>		<b>(21,494)</b>	<b>26,422</b>
<b>Net decrease in cash</b>		<b>(7,507)</b>	<b>(685)</b>
Cash and cash equivalents at the beginning of the year		39,474	39,846
Effect of foreign exchange rate changes		(116)	313
<b>Cash and cash equivalents at the end of the year</b>	11	<b>31,851</b>	<b>39,474</b>

The notes to the condensed consolidated financial statements following the primary statements are an integral part of these condensed consolidated 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 financial information set out above and below does not constitute the Company's statutory accounts for the years ended 1 April 2024 or 3 April 2023 but is derived from those accounts. Statutory accounts for FY23 have been delivered to the registrar of companies, and those for FY24 will be delivered in due course. The auditor has reported on those accounts and their reports were (i) unqualified, (ii) for the year ended 1 April 2024 did not

include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report (year ended 3 April 2023 included reference to a matter to which the auditor drew attention by way of emphasis without qualifying their report in respect of a material uncertainty in respect of going concern) and (iii) did not contain any statements under section 498 (2) or (3) of the Companies Act 2006.

While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of UK-adopted international accounting standards, and as applied in accordance with the provisions of the Companies Act 2006, this announcement does not itself contain sufficient information to comply with UK-adopted international accounting standards.

The condensed consolidated financial statements are presented in GBP and all values are rounded to the nearest thousand, except when otherwise indicated.

The Group's financial reporting year represents the 52 weeks to 1 April 2024 and the prior financial year, 53 weeks to 3 April 2023.

### **3. Critical accounting policies, estimates and judgements**

Estimates and assumptions underlying the preparation of the financial statements are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

#### **Critical accounting judgements**

##### **Going concern**

In concluding on the going concern basis of the financial statements, the Directors have made a number of judgments as set out in note 4 Going concern. The Directors draw attention to the critical nature of these estimates and judgements in the preparation of these financial statements.

##### **Classification of adjusted items**

A number of judgements are made in the presentation of costs and income as adjusted items in the Annual Report and Accounts.

#### **Key sources of estimation uncertainty**

##### **Inventory provision**

During the course of the year, the Directors critically re-evaluated expected future business trading performance, especially in respect of the Group's US business unit. As part of this analysis, the Directors challenged the assumptions regarding the amount of US inventory on hand which could reasonably be expected to be sold through usual trading channels for more than cost and before effective commercial expiry of the inventory.

As a result of this analysis, a provision of £6.7m was recorded as an adjusted item in the Annual Report and Accounts against US business unit inventory. On the basis of the forecast prepared for the evaluation of going concern of the Company, and in concert with activity undertaken during the year to reduce future inventory intake, the Directors anticipate that the remaining cost of inventory held at the balance sheet date will be profitably realised.

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

- estimates of future trading activity and utilisation of inventory on hand;
- estimates of the likely use before expiry of wine approaching the end of its prime marketing life;
- realisable value of bulk wine in the open market, and
- cannibalisation and absorption of wine volumes across the Naked range.

For both bulk and cased wine inventory in the US, the full range of reasonably possible outcomes in the next financial year 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 within the next financial year may differ from their estimates, and that the magnitude of the inventory provision in the Group's US business unit could materially change in the next financial year. Two relevant sensitivities that are readily quantifiable are the expected proceeds from the disposal of bulk inventory in hand not used 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 necessary 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 £7.6m) disposal assumptions: If management are not able to realise expected proceeds for bulk wine reaching commercial expiry in the next 24 months, an additional £0.9m of inventory would be written off. Additionally, there is a further £5.8m 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 currently expected to be used in future wine projects. However, if this assumption proves to be inaccurate, then the Company anticipates that it would dispose of this wine on the secondary market. For every 10% of this bulk wine disposed of in this manner, and for which the Company could achieve expected disposal proceeds, a further £0.4m increase in provision would be required.

Cased wine (provision of £4.9m) sales volume sensitivity: Assuming that the Group is able to continue to realise secondary market proceeds similar to recent experience for wine and assuming an average cost of good of these bottles, then a 1% adverse movement in future expected sales of wine forecast to be sold in the 36 months following the balance sheet date results in an additional £0.5m inventory write-down.

### **Other sources of estimation uncertainty**

#### **Goodwill and other non-current assets carrying value**

The Group assesses at the end of each reporting period whether indicators of impairment exist and, if such indicators are identified, the Group calculates the net recoverable amount of each asset. For goodwill, net recoverable amount is evaluated at least annually, or more frequently if indicators of impairment are identified.

Determining whether goodwill and other non-current assets are impaired requires an estimation of the recoverable amount of the CGU to which the goodwill and other non-current assets have been allocated, measured at the higher of value in use and fair value less cost of disposal.

Management is required to make judgements regarding the timing and amount of future cash flows applicable to the CGU, based on current budgets and forecasts and then into perpetuity, taking into account growth rates and expected changes to sales and operating costs as well as future maintenance CAPEX requirements and working capital cash flows. Management is also required to make judgements regarding the appropriate discount rate to use, reflecting current market assessments of the time value of money and the risks specific to the CGU.

During the first half of the year, future trading expectations, in particular with respect to the Group's US trading segment, were revised downwards to re-align previously anticipated growth in key performance metrics with more recently observed stable period-on-period KPIs, most relevantly revenue per Angel and the rate of Angel attrition. Revision to future trading forecasts resulted in a reduction of the value in use calculation used to evaluate the carrying value of goodwill and other non-current assets. The impairment test undertaken at the half year resulted in a full impairment of goodwill and other intangible assets in the US and a further impairment in Australia as a result of an extension of a right-of-use asset.

Management highlight the assumptions used to determine the value in use of the CGU, as set out above, as sources of estimate uncertainty with regard to the remaining carrying value of goodwill allocated to the UK business however, management have determined that any plausible change in these assumptions would not lead to a material.

At the half year, management deemed the measurement of the value in use of CGUs as a key source of estimate uncertainty however, due to the impairment of the remaining goodwill and other intangible assets in the US at that time and the conclusions on the UK business discussed above, at the year end, the measurement of recoverable amounts was not deemed a significant estimate.

#### **Deferred tax asset recognition**

The Group has recognised £3.4m of deferred tax assets at the balance sheet date after consideration of their recoverability against future profits. The Directors note that expected recoverability is based on estimate of future profitability and, should trading expectations move adversely in the future, there is a risk that the value of deferred tax assets expected to be utilised will decrease.

In the process of applying the Group's accounting policies, the Directors consider there are no further sources of

estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### 4. Going concern

##### BACKGROUND AND CONTEXT

At the end of FY23, the Group noted that a material uncertainty existed over the going concern assumption due to a risk of breaching one or more bank facility covenants due to weakening profitability and reducing cash balances.

A number of actions were taken to remedy this situation, including:

- Addressing the overstock position by negotiating with suppliers to cut inventory intake over the forthcoming financial years;
- Undertaking a further round of cost restructuring, following on from the restructuring executed in March 2023;
- Liquidating the vendor loan note held by the Group, which had arisen on the disposal of the Majestic Wine business in 2019; and
- Negotiating a new asset-backed lending facility (see below).

During the first half of FY24, it became apparent that forecast performance remained too ambitious. For liquidity-planning purposes, a forecast scenario with no further key performance indicator improvements (of the type seen historically) was prepared. Performance in the second half of FY24 was broadly in line with this revised forecast and the Group ended the year with net cash excluding lease liabilities of £19.6m, around a £10m improvement from the previous year end, as well as a lower cost base and a more reliable liquidity baseline forecast.

##### Credit facility

As stated above and as set out in more detail in note 12 Events after the balance sheet date, 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.co.uk Ltd and Naked Wines Australia Pty Ltd.

Significantly, this new facility includes:

- a higher credit advance rate on the inventory base than under the Group's previous credit facility;
- removal of a minimum cash holding of \$20m; and
- a single financial performance covenant, being a fixed charge cover ratio of greater than 1.2x, which is only tested if outstanding available liquidity (as defined in the facility terms) is less than \$12m, known as a 'springing covenant' test.

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 and Trust Company, fell away. The Group met all its credit facility covenant requirements in the current financial year and subsequent to the year end, under the previous facility, up until the date of the refinancing.

##### 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 reflects Naked's recent trading and the current macroeconomic outlook.

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

A base case forecast was prepared in which trading KPIs in the trading markets were kept flat versus recent performance or, for certain recent initiatives, forecast at rates observed from recent testing programmes. Contracted warehouse savings were included, as were G&A savings from the initiatives undertaken during the year along with the assumption of 50% of maximum variable bonus payout. Inventory purchasing was assumed at the higher of committed amounts or levels to sustain target inventory levels. Under this scenario, the Group has sufficient liquidity to meet its new credit facility liquidity requirement in the going concern assessment period, meaning that the fixed charge cover ratio covenant would not need to be tested, although it would meet the requirement of greater than 1.2x were this covenant required to be tested.

### **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 incorporating available mitigating actions.

#### **Sales performance driver:**

- A 6% decline in revenue per Angel/ Wine Genie customer (a key driver of Repeat Customer sales) versus the base case forecast described above, also corresponding to a 6% reduction in this measure year-on-year and a 5 to 7% (depending on market) reduction in new customer traffic.

#### **Costs saving reduction:**

- A £0.8m per annum reduction in cost savings assumed for new warehouse and distribution contracts and a £0.8m overspend on targeted G&A savings.

#### **Cost mitigation:**

- Removal of non-commercial return "R&D" spend in New Customer investment from the fourth quarter of FY25, saving £0.25m in FY25 and a further £0.4m over the remainder of the going concern assessment period with a total saving of £0.75m in FY26;
- A reduction in New Customer investment advertising spend by 10% from the fourth quarter of FY25, saving an annualised sum of approximately £2.5m (on the basis that such lower revenues per Angel would trigger reductions in New Customer investment to maintain the economic rationale to invest), which was assumed to reduce new customer numbers at the current average cost per new customer; and
- Reduction to £nil in assumed variable compensation payout.

#### **Working capital mitigation:**

- Reduction in future inventory intake to reflect the lower demand outlook beginning in the first quarter of FY26, taking into account the current levels of inventory commitments for those periods.

Furthermore, this scenario included the latest available trading for the first four periods of FY25 and the number of Angels and the actual closing balance sheet position at that date.

The net impact of this severe but plausible downside scenario is that the Group would maintain more than £11m of headroom in the going concern assessment period versus the springing covenant test requirement of \$12m (around £9.6m) of outstanding available liquidity. This forecast also shows that Naked meets its fixed charge cover ratio covenant across the going concern assessment period, although consistent with the above, the level of liquidity does not lead to this covenant being tested in the assessment period.

The Directors believe this also provides adequate headroom against any unexpected requirements to provide additional liquidity to trading partners should the need arise in that period.

A reverse stress test was also performed, deliberately engineered to identify the point at which the Group would fall below its facility-defined liquidity covenant spring of \$12m across the going concern assessment period. This reverse stress test shows that an additional 6% reduction in revenue per Angel (beyond the 6% reduction already incorporated into the severe but plausible downside scenario noted above) would result in the Group not meeting its facility-defined covenant spring of \$12m in that period. At this point the Group would also fail its fixed charge cover ratio covenant. The Board has determined that these assumptions do not result in a plausible downside scenario outcome.

### **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 including the severe but plausible downside scenario, Naked Wines has sufficient liquidity to continue trading and to meet its minimum facility liquidity requirements, avoiding the need to formally assess its fixed charge cover ratio covenant commitment. The reverse stress test modelling has demonstrated that a revenue per Angel decline of 12%, resulting in a year-on-year total sales decline of 18% in FY25 is required before the Company fails to meet both its facility liquidity and fixed charge cover ratio commitments.

The Board believes that the flexibility afforded to it by its new financing arrangements and the other actions put in place during FY24 and subsequent to year end mean that the Directors have a reasonable expectation that the Group and Company will be able to operate within the level of their available liquidity, meet the fixed charge cover ratio covenant (if it were required to be tested) and meet their liabilities as they fall due for the forecast period. For these reasons, the

Board considers it appropriate for the Group and the Company to adopt the going concern basis in preparing these 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 (see note 7 Impairment for further details).

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.

<b>52 weeks ended 1 April 2024</b>	<b>Naked Wines US £'000</b>	<b>Naked Wines UK £'000</b>	<b>Naked Wines Australia £'000</b>	<b>Unallocated £'000</b>	<b>Total £'000</b>
<b>Revenue</b>	<b>131,133</b>	<b>124,411</b>	<b>34,868</b>	-	<b>290,412</b>
Revenue associated with the US inventory impairment	(1,899)	-	-	-	<b>(1,899)</b>
<b>Total adjusted revenue 1</b>	<b>129,234</b>	<b>124,411</b>	<b>34,868</b>	-	<b>288,513</b>
Analysed as:					
New Customer sales	14,213	6,312	3,109	-	<b>23,634</b>
Repeat Customer sales	114,196	118,099	31,759	-	<b>264,054</b>
Other revenue	825	-	-	-	<b>825</b>
<b>Total adjusted revenue 1</b>	<b>129,234</b>	<b>124,411</b>	<b>34,868</b>	-	<b>288,513</b>
Investment in New Customers	(14,456)	(5,822)	(2,992)	-	<b>(23,270)</b>
Repeat Customer contribution	36,735	20,678	7,843	-	<b>65,256</b>
Other contribution	(743)	-	-	-	<b>(743)</b>
<b>Total contribution after advertising costs<sup>2</sup></b>	<b>21,536</b>	<b>14,856</b>	<b>4,851</b>	-	<b>41,243</b>

General and administrative costs <sup>3</sup>	(11,351)	(6,311)	(3,093)	(15,514)	<b>(36,269)</b>
<b>Adjusted EBIT</b>	<b>10,185</b>	<b>8,545</b>	<b>1,758</b>	<b>(15,514)</b>	<b>4,974</b>
Adjusted items (see note 6):					
Right-sizing of US inventory	(5,419)	-	-	-	<b>(5,419)</b>
Impairment of non-current assets	(19)	-	(696)	(9,162)	<b>(9,877)</b>
Other adjusted items	(259)	(424)	(307)	(519)	<b>(1,509)</b>
<b>Operating profit/(loss)</b>	<b>4,488</b>	<b>8,121</b>	<b>755</b>	<b>(25,195)</b>	<b>(11,831)</b>
Finance costs	(3,249)	(39)	(69)	(2)	<b>(3,359)</b>
Finance income	475	-	-	947	<b>1,422</b>
Loss on early redemption of the vendor loan note	-	-	-	(2,559)	<b>(2,559)</b>
<b>Profit/(loss) before tax</b>	<b>1,714</b>	<b>8,082</b>	<b>686</b>	<b>(26,809)</b>	<b>(16,327)</b>
Tax	(2,116)	(1,120)	(364)	(916)	<b>(4,516)</b>
<b>(Loss)/profit for the year</b>	<b>(402)</b>	<b>6,962</b>	<b>322</b>	<b>(27,725)</b>	<b>(20,643)</b>
Depreciation	2,472	236	108	57	<b>2,873</b>
Amortisation	-	-	-	100	<b>100</b>
Impairment	19	-	696	9,162	<b>9,877</b>
Total assets	121,701	49,895	21,808	8,328	<b>201,732</b>
Total liabilities	65,379	45,233	11,537	2,816	<b>124,965</b>
Capital expenditure	986	136	14	-	<b>1,136</b>
<b>52 weeks ended 1 April 2024</b>		<b>US</b>	<b>UK</b>	<b>Australia</b>	<b>Total</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Geographical analysis</b>					
Revenue		131,133	124,411	34,868	<b>290,412</b>
Non-current assets excluding deferred tax assets		4,483	6,638	-	<b>11,121</b>

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 (£55.0m), less advertising costs (£19.0m), excluding transactions associated with the right-sizing of US inventory included in contribution (£5.2m) and cancellation of winemaker contracts in Australia (reported within restructuring costs) (£0.2m) (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.

<b>53 weeks ended 3 April 2023</b>	<b>Naked Wines US</b>	<b>Naked Wines UK</b>	<b>Naked Wines Australia</b>	<b>Unallocated</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Revenue</b>	<b>171,035</b>	<b>137,192</b>	<b>45,818</b>	<b>-</b>	<b>354,045</b>
Revenue associated with the US inventory impairment	(3,110)	-	-	-	<b>(3,110)</b>
<b>Total adjusted revenue 1</b>	<b>167,925</b>	<b>137,192</b>	<b>45,818</b>	<b>-</b>	<b>350,935</b>
Analysed as:					
New Customer sales	17,180	6,400	3,312	-	<b>26,892</b>
Repeat Customer sales	147,448	130,792	42,506	-	<b>320,746</b>
Other revenue	3,297	-	-	-	<b>3,297</b>
<b>Total adjusted revenue 1</b>	<b>167,925</b>	<b>137,192</b>	<b>45,818</b>	<b>-</b>	<b>350,935</b>

Investment in New Customers	(15,057)	(3,417)	(2,937)	-	<b>(21,411)</b>
Repeat Customer contribution	50,314	24,990	11,196	-	<b>86,500</b>
Other contribution	255	-	-	-	<b>255</b>
<b>Total contribution after advertising costs<sup>2</sup></b>	<b>35,512</b>	<b>21,573</b>	<b>8,259</b>	<b>-</b>	<b>65,344</b>
General and administrative costs <sup>3</sup>	(12,830)	(6,896)	(3,561)	(24,692)	<b>(47,979)</b>
<b>Adjusted EBIT</b>	<b>22,682</b>	<b>14,677</b>	<b>4,698</b>	<b>(24,692)</b>	<b>17,365</b>
Adjusted items (see note 6):					
Non-cash items relating to acquisitions	-	-	-	(1,293)	<b>(1,293)</b>
Right-sizing of US inventory	(13,964)	-	-	-	<b>(13,964)</b>
Impairment of non-current assets	-	-	-	(18,183)	<b>(18,183)</b>
Profit on disposal of asset classified as held for sale	-	-	-	4,814	<b>4,814</b>
Other adjusted items	-	-	-	(2,997)	<b>(2,997)</b>
<b>Operating profit/(loss)</b>	<b>8,718</b>	<b>14,677</b>	<b>4,698</b>	<b>(42,351)</b>	<b>(14,258)</b>
Finance costs	(2,155)	(36)	(24)	(2)	<b>(2,217)</b>
Finance income	342	-	-	1,113	<b>1,455</b>
<b>Profit/(loss) before tax</b>	<b>6,905</b>	<b>14,641</b>	<b>4,674</b>	<b>(41,240)</b>	<b>(15,020)</b>
Tax	(2,275)	(1,482)	(1,396)	2,760	<b>(2,393)</b>
<b>Profit/(loss) for the year</b>	<b>4,630</b>	<b>13,159</b>	<b>3,278</b>	<b>(38,480)</b>	<b>(17,413)</b>
Depreciation	1,897	353	225	38	<b>2,513</b>
Amortisation	1	-	-	1,785	<b>1,786</b>
Impairment	-	-	-	18,183	<b>18,183</b>
Total assets	146,629	47,626	23,139	34,494	<b>251,888</b>
Total liabilities	93,275	41,127	13,731	5,077	<b>153,210</b>
Capital expenditure	1,453	-	25	-	<b>1,478</b>
<b>53 weeks ended 3 April 2023</b>		<b>US</b>	<b>UK</b>	<b>Australia</b>	<b>Total</b>
		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Geographical analysis</b>					
Revenue		171,035	137,192	45,818	<b>354,045</b>
Non-current assets excluding deferred tax assets and vendor loan note		7,710	15,359	-	<b>23,069</b>

- Total adjusted revenue is calculated as revenue excluding revenue associated with the right-sizing of US inventory as analysed in note 6 Adjusted items.
- Contribution after advertising costs is calculated as gross profit (£69.9m), less advertising costs (£17.7m), excluding transactions associated with the right-sizing of US inventory included in contribution (£13.1m), (details in note 6 Adjusted items).
- 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 Directors draw attention to the costs associated with the ongoing restructuring of the business and, in particular, the inventory provision and staff and other administrative restructuring charges incurred in both the current and previous financial year. Management does not expect to report any further inventory provision charges of a similar nature in future periods.

The adjustments made to reported loss before tax are:

	52 weeks ended 1 April 2024 £'000	53 weeks ended 3 April 2023 £'000
<b>(a) Non-cash charges relating to acquisitions - amortisation of acquired intangibles</b>	-	(1,293)
Net movement in US inventory provision	(2,357)	(10,254)
US cancellation of winemaker contracts	-	(527)
Loss on the disposal of US inventory - contribution loss <sup>1</sup>	(2,819)	(2,360)
Right-sizing of US inventory included in contribution	(5,176)	(13,141)
Disposal of US inventory - charitable donations	-	(823)
Bad debt expense	(243)	-
<b>(b) Right-sizing of US inventory</b>	(5,419)	(13,964)
<b>(c) Impairment of non-current assets</b>	(9,877)	(18,183)
<b>(d) Profit on disposal of asset classified as held for sale</b>	-	4,814
Restructuring costs	(1,433)	(1,522)
Software as a Service costs incurred in the implementation of new ERP platform	(57)	(2,347)
Legal settlement for Payment card Interchange fees	-	740
Fair value movement on foreign exchange contracts and associated unrealised foreign currency inventory	(19)	132
<b>(e) Other adjusted items</b>	(1,509)	(2,997)
<b>Total adjusted items</b>	(16,805)	(31,623)

1. Contribution loss analysed as sales of £1.9m (FY23: £3.1m) less cost of goods sold of £4.7m (FY23: £5.5m) resulting in a net contribution loss of £2.8m (FY23: loss of £2.4m).

#### **(a) Amortisation of acquired intangibles**

These items reflect costs of customer acquisition from prior to the purchase of the Naked Wines business. In order to reflect the cost of current new customer acquisition in its adjusted EBIT, the Group includes the expenses of all ongoing customer acquisitions in its adjusted profit measures but removes the amortisation cost of those customers acquired before acquisition by Naked Wines plc. These acquired assets were fully amortised as at the end of the previous financial year and do not appear in the income statement for the 52 weeks ended 1 April 2024.

#### **(b) Right-sizing of US inventory**

As a result of management's US inventory right-sizing exercise strategy commencing in the prior financial year, the Group recorded a net charge of £5.2m in the 52 weeks ended 1 April 2024 (FY23: charge of £13.1m), reflecting the release and utilisation of the inventory provision created in the prior financial year and a contribution loss where inventory that was provided against that has been sold on the secondary market as part this right-sizing exercise for less than historic cost of goods.

The Group also recognised a £0.2m write off of a trade receivable relating to a bulk wine customer.

In the previous financial year, management considered these provisions and charges to be one-off in nature as amounts relate to purchases made on the basis of continued expected growth following the COVID pandemic and based on the Group's previous strategy of customer acquisition. As a result of the strategic shift from customer acquisition to short-term profitability and cash generation, this charge forms part of the one-off exercise undertaken in the year to better align purchasing and inventory management going forwards, whilst still ensuring the Group holds sufficient inventory to meet customer demand.

Management has concluded it is appropriate to include the provision and write off within adjusted items to provide a more consistent basis with the comparative adjusted EBIT APM.

#### **(c) Impairment of non-current assets**

The Group has recognised impairments to non-current assets of £9.9m (FY23: £18.2m). Refer to note 7 Impairment for details.

#### (d) Profit on disposal of asset classified as held for sale

In the previous financial year, the sale of the asset classified as held for sale was completed. The profit arising on the sale is the difference between the proceeds of £5.85m less commissions and costs of £0.23m and the carrying value of the asset of £0.81m.

#### (e) Other adjusted items

##### Restructuring costs

The Group undertook a restructuring program seeking to generate improved efficiency and reduce costs. Following this review, one-off termination payments and associated costs were incurred in all three markets.

##### Software as a Service cost

During the previous and current financial year, the Group incurred upfront configuration and implementation costs relating to the development of a new ERP system. As material non-recurring expenditure, these costs have been disclosed as an adjusted item.

##### Legal settlement in relation to Payment card Interchange fees

In the previous financial year, Naked Wines was part of a class action group that brought proceedings against Visa and Mastercard for engaging in anti-competitive conduct in relation to arrangements for setting and implementing multilateral Payment card interchange fees. This amount was net of costs and was in full and final settlement of the claim.

##### 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.

## 7 Impairment

As a result of an impairment review of the carrying value of all non-current assets, an impairment charge of £9.9m (FY23: £18.2m) has been recognised in the income statement. An analysis of this charge by segment and asset type is set out below, along with the calculated value in use of each cash generating unit (CGU).

	Goodwill £'000	Other intangible assets £'000	Property, plant and equipment £'000	Right-of- use assets £'000	Total £'000	CGU value in use <sup>1</sup> £'000
Naked Wines US <sup>2</sup>	8,128	1,034	-	19	9,181	64,753
Naked Wines UK	-	-	-	-	-	56,546
Naked Wines Australia <sup>2</sup>	-	-	11	685	696	(447)
<b>At 1 April 2024</b>	<b>8,128</b>	<b>1,034</b>	<b>11</b>	<b>704</b>	<b>9,877</b>	<b>120,852</b>

1. The value in use of each CGU is calculated after a full allocation of corporate costs necessarily incurred to generate the cash flows of the operating businesses and in accordance with IAS 36 Impairment of Assets
2. For the US and Australia segments, value in use relate to those calculated at the HY24 (see US and Australia segment analysis below for further details)

	Goodwill £'000	Other intangible assets £'000	Property, plant and equipment £'000	Right-of- use assets £'000	Total £'000	CGU value in use <sup>1</sup> £'000
Naked Wines US	16,433	-	-	-	16,433	69,710

Naked Wines UK	-	-	-	-	-	<b>21,739</b>
Naked Wines Australia	1,643	-	58	49	<b>1,750</b>	<b>(2,086)</b>
<b>At 3 April 2023</b>	<b>18,076</b>	<b>-</b>	<b>58</b>	<b>49</b>	<b>18,183</b>	<b>89,363</b>

1. The value in use of each CGU is calculated after a full allocation of corporate costs necessarily incurred to generate the cash flows of the operating businesses and in accordance with IAS 36 Impairment of Assets

Impairment reviews were initially conducted at HY24 on a value in use basis at a CGU level as management identified indicators of impairment at that time and this resulted in impairment charges being recorded in the US and Australia segments. At year end, whilst trading was broadly in line with forecasts in these markets, management concluded that further confirmatory evidence was required before a re-evaluation of the carrying value of the impaired assets should be performed. As such each non-current asset has been individually assessed on a fair value less cost of disposal basis and no further impairment charges have been recognised.

At both half year and year end, the UK segment had sufficient value in use to support the carrying value of goodwill and other non-current assets and, as such, no impairment charge has been recognised in relation to this segment.

## 8 Loss on early redemption of the vendor loan note

On 12 February 2024, the Directors accepted an offer of £9.0m from CF Bacchus Holdco Limited for early redemption of the vendor loan note. The £12.0m vendor loan note arising as part of the Group's disposal of the Majestic group of companies was due to be paid in December 2024. The vendor loan note was initially measured at fair value of £9.0m and subsequently measured at amortised cost. At the date of redemption, the amortised cost on the balance sheet was £11.6m and this resulted in a loss on early redemption of £2.6m.

## 9 Tax

### (a) Tax charge

	<b>52 weeks ended 1 April 2024 £'000</b>	53 weeks ended 3 April 2023 £'000
<b>Current tax</b>		
UK tax	-	-
Overseas tax	<b>(958)</b>	(4,198)
Adjustment in respect of prior periods	<b>(329)</b>	(377)
<b>Current tax charge</b>	<b>(1,287)</b>	<b>(4,575)</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<b>(3,468)</b>	1,085
Adjustment in respect of prior periods	<b>(189)</b>	560
Effect of change in tax rate on prior period balances	<b>428</b>	537
<b>Deferred tax (charge)/credit</b>	<b>(3,229)</b>	2,182
<b>Total tax charge for the year</b>	<b>(4,516)</b>	<b>(2,393)</b>

### (b) Tax reconciliation

<b>52 weeks ended</b>	53 weeks ended
---------------------------	-------------------

	1 April 2024 £'000	3 April 2023 £'000
<b>Loss before tax</b>	<b>(16,327)</b>	<b>(15,020)</b>
Tax credit at the standard UK corporation tax rate of 25% (FY23: 19%)	4,082	2,854
Adjustments in respect of prior periods	(518)	183
Disallowable expenditure	(1,978)	(1,926)
Overseas income tax at higher rates	72	(588)
Fixed asset differences	-	60
Change in unrecognised deferred tax assets	(6,495)	(3,054)
Share-based payments	(107)	(138)
Change in tax rate on prior period deferred tax balances	428	263
Foreign exchange	-	(47)
<b>Total tax charge for the year</b>	<b>(4,516)</b>	<b>(2,393)</b>
<b>Effective tax rate</b>	<b>(27.7)%</b>	<b>(15.9)%</b>

Deferred tax balances have been calculated at the substantively enacted rate at which they are expected to reverse.

The chancellor has confirmed an increase in the corporation tax rate from 19% to 25% with effect from 1 April 2023 which received Royal Assent on 10 July 2021.

## 10 Loss per share

Basic loss per share is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue of the Company, excluding 163,856 (FY23: 220,137) 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 5,508,413 (FY23: 3,382,710) 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.

	52 weeks ended 1 April 2024	53 weeks ended 3 April 2023
Basic and diluted loss per share (pence)	<b>(28.3)p</b>	(23.6)p
Loss for the purposes of basic loss per share calculation (£'000)	<b>(20,843)</b>	(17,413)
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	<b>73,770,908</b>	73,663,498
<b>Total number of shares in issue</b>	<b>74,004,135</b>	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 75,738,744 issued shares. See note 12 Events after the balance date for details of the 2024 Long-Term Incentive Plan.

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date

and the date of authorisation of these financial statements.

## 11 Notes to the cash flow statement

### (a) Cash flows from operations

	52 weeks ended 1 April 2024 £'000	53 weeks ended 3 April 2023 £'000
<b>Cash flows from operations</b>		
Loss for the year	(20,843)	(17,413)
Adjustments for:		
Tax expense	4,516	2,393
Net finance costs, including the loss on the early redemption of the vendor loan note	4,496	762
Depreciation and amortisation	2,973	4,299
Impairment of non-current assets	9,877	18,183
Loss on disposal of fixed assets	253	327
Net gain arising on early termination of right-of-use assets	(444)	-
and associated lease liability		
Intangible assets previously capitalised under former accounting policy	-	253
Profit on sale of asset classified as held for sale	-	(4,814)
Fair value movement on foreign exchange contracts	(13)	109
Inventory provision movement	2,357	10,254
Share-based payment charges	365	1,604
<b>Operating cash flows before movements in working capital</b>	<b>3,537</b>	<b>15,957</b>
Decrease/(increase) in inventories	14,886	(28,770)
Decrease in Angel funds and other deferred income	(1,814)	(6,193)
(Increase)/decrease in trade and other receivables	(5,414)	3,501
Decrease in trade and other payables	(3,374)	(14,476)
<b>Net cash flows from/(used in) operations</b>	<b>7,821</b>	<b>(29,981)</b>

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

	3 April 2023 £'000	Cash flows £'000	Non-cash movements <sup>1</sup> £'000	1 April 2024 £'000
Cash and cash equivalents	39,474	(7,507)	(116)	31,851
Borrowings:				
Borrowings net of issuance costs	(29,131)	16,707	176	(12,248)
Customer-funded bonds	(35)	-	-	(35)
Lease liabilities	(5,851)	2,036	177	(3,638)
	(35,017)	18,743	353	(15,921)
Total net cash	4,457	11,236	237	15,930
	28 March 2022	Cash flows	Non-cash movements <sup>1</sup>	3 April 2023

	£'000	£'000	£'000	£'000
Cash and cash equivalents	39,846	(685)	313	39,474
Borrowings:				
Borrowings net of issuance costs	-	(29,673)	542	(29,131)
Customer-funded bonds	(35)	-	-	(35)
Lease liabilities	(3,567)	1,532	(3,816)	(5,851)
	(3,602)	(28,141)	(3,274)	(35,017)
Total net cash	36,244	(28,826)	(2,961)	4,457

1. Non-cash movements relate to lease additions and foreign exchange movements.

## 12 Events after the balance sheet date

On 1 April 2024, the Company granted participants rights over 4,208,325 shares to staff under an LTIP award (the 2024 LTIP award). At the end of the financial year, offer and acceptance had not been confirmed for the significant majority of this award. Subsequent to the year end, acceptance of the award was received from participants and, on the basis of the documented vesting conditions, the Directors estimate that approximately 3,200,000 ordinary shares will vest at the end of the award scheme on 31 March 2027.

Had all of the shares granted been accepted during the financial year under review and, based on the closing share price on 1 April 2024, the estimated number of shares vesting under the 2024 LTIP award would not have resulted in a material change in recognised deferred tax assets on 1 April 2024.

Under the award conditions, beneficiaries of the scheme were required to waive any existing rights to awards under the 2021 LTIP award and the 2022 LTIP transition scheme. Assuming full acceptance of all outstanding shares offered under the 2024 LTIP scheme at the end of the reporting period, and the associated waiving of previously awarded rights, if all of the Company's share awards had vested at 100%, the Company would have 78,127,733 issued shares.

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](http://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.

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

## Definitions

<b>5* customer service</b>	The percentage of feedback ratings received by our Customer Happiness teams that expressed 5* satisfaction on a scale of 1 to 5.	Customer experience KPI
<b>5-Year Forecast Payback</b>	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 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.	Investment measure
<b>5-Year Lifetime Value (LTV)</b>	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
<b>Active Angel</b>	An Angel that is an active subscriber who has placed an order in the past 12 months.	
<b>Adjusted EBIT</b>	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
<b>Adjusted EBITDA</b>	Adjusted EBIT plus depreciation and amortisation, but excluding any depreciation or amortisation costs included in adjusted items e.g. amortisation of acquired intangibles.	APM
<b>AGM</b>	Annual General Meeting	
<b>Angel</b>	A customer who deposits funds into their account each month to spend on the wines on our website.	
<b>Company, Naked or Naked Wines</b>	Naked Wines plc	
<b>Contribution</b>	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
<b>DtC</b>	Direct-to-consumer	
<b>EBIT</b>	Operating profit as disclosed in the consolidated income statement.	APM
<b>EBITDA</b>	EBIT plus depreciation and amortisation.	APM
<b>Group</b>	Naked Wines plc and its subsidiary undertakings	
<b>Investment in New Customers</b>	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

## Definitions

<b>LTIP</b>	Long Term Incentive Plan	
<b>Marketing R&amp;D</b>	Expenditure focused on researching and testing new marketing channels and creative approaches, with the aim of opening up significant new growth investment opportunities.	
<b>Net cash excluding lease liabilities</b>	The amount of cash we are holding less borrowings excluding lease liabilities.	APM
<b>New customer</b>	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.	
<b>New Customer sales</b>	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.	
<b>Other revenue</b>	Revenue from stock optimisation activities.	
<b>Other contribution</b>	The profit or loss attributable to sales meeting the definition of other revenue.	Investment measure
<b>Product availability</b>	The average percentage of products we have defined as core to the portfolio that is available to our customers throughout the year.	Customer experience KPI
<b>Repeat customer</b>	A customer (Angel) who has subscribed and made their first monthly subscription payment.	
<b>Repeat Customer contribution</b>	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
<b>Repeat Customer contribution margin</b>	Repeat Customer contribution as a percentage of Repeat Customer sales.	Investment measure
<b>Repeat Customer sales</b>	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.	
<b>Repeat Customer sales retention</b>	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
<b>SIP</b>	Share Incentive Plan	
<b>Standstill EBIT</b>	The adjusted EBIT that would be reported if Investment in New Customers was reduced to the level needed only to replenish the portion of the customer base that was lost to attrition during the period. As a result of fluctuations in Year 1 Payback and Repeat Customer sales retention experienced during and post the COVID disrupted periods, standstill EBIT became a less effective performance indicator. As such, this investment measure is no longer used by management for internal performance evaluation.	Investment measure
<b>Total addressable market (TAM)</b>	TAM represents the available market which Naked sees as a revenue opportunity which it could serve.	
<b>Wine Genie</b>	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.	
<b>Wine quality - "Buy it again" ratings</b>	The percentage of "Yes" scores given by customers in the year indicating that the customer would buy the product again.	Customer experience KPI
<b>Year 1 Payback</b>	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 52-week comparable figures

		52 weeks ended 1 April 2024			53 weeks ended 3 April 2023					
		Reported	Adjusted items	Adjusted	Reported	Adjusted items	Adjusted	53rd week	Constant FX	52-week comparable
		£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Sales</b>	<b>Group</b>									
	New Customer sales	23.6	-	23.6	26.9	-	26.9	(0.9)	(0.8)	25.2
	Repeat Customer sales	264.1	-	264.1	320.7	-	320.7	(6.2)	(9.3)	305.2
	Other revenue	2.7	(1.9)	0.8	6.4	(3.1)	3.3	(0.1)	(0.2)	3.0
		<b>290.4</b>	<b>(1.9)</b>	<b>288.5</b>	<b>354.0</b>	<b>(3.1)</b>	<b>350.9</b>	<b>(7.2)</b>	<b>(10.3)</b>	<b>333.4</b>
	<b>Naked Wines US</b>									
	New Customer sales	14.2	-	14.2	17.2	-	17.2	(0.4)	(0.7)	16.1
	Repeat Customer sales	114.2	-	114.2	147.4	-	147.4	(3.3)	(6.1)	138.0
	Other revenue	2.7	(1.9)	0.8	6.4	(3.1)	3.3	(0.1)	(0.2)	3.0
		<b>131.1</b>	<b>(1.9)</b>	<b>129.2</b>	<b>171.0</b>	<b>(3.1)</b>	<b>167.9</b>	<b>(3.8)</b>	<b>(7.0)</b>	<b>157.1</b>
	<b>Naked Wines UK</b>									
	New Customer sales	6.3	-	6.3	6.4	-	6.4	(0.4)	-	6.0
	Repeat Customer sales	118.1	-	118.1	130.8	-	130.8	(1.6)	-	129.2
		<b>124.4</b>	<b>-</b>	<b>124.4</b>	<b>137.2</b>	<b>-</b>	<b>137.2</b>	<b>(2.0)</b>	<b>-</b>	<b>135.2</b>
	<b>Naked Wines Australia</b>									
	New Customer sales	3.1	-	3.1	3.3	-	3.3	(0.1)	(0.2)	3.0
	Repeat Customer sales	31.8	-	31.8	42.5	-	42.5	(1.3)	(3.3)	37.9
		<b>34.9</b>	<b>-</b>	<b>34.9</b>	<b>45.8</b>	<b>-</b>	<b>45.8</b>	<b>(1.4)</b>	<b>(3.5)</b>	<b>40.9</b>
<b>Contribution after advertising costs</b>	<b>Group</b>									
	Investment in New Customers	(23.3)	-	(23.3)	(21.4)	-	(21.4)	0.7	0.7	(20.0)
	Repeat Customer contribution	65.3	-	65.3	86.5	-	86.5	(1.7)	(3.1)	81.7
	Repeat contribution margin (%)	25%	-	25%	27%	-	27%	-	-	27%
	Other contribution	(5.9)	5.2	(0.7)	(12.9)	13.2	0.3	(0.1)	-	0.2
		<b>36.1</b>	<b>5.2</b>	<b>41.2</b>	<b>52.2</b>	<b>13.2</b>	<b>65.4</b>	<b>(1.1)</b>	<b>(2.4)</b>	<b>61.9</b>
	<b>Naked Wines US</b>									
	Investment in New	(14.5)	-	(14.5)	(15.1)	-	(15.1)	0.7	0.5	(13.9)

	Customers									
	Repeat	36.7	-	36.7	50.3	-	50.3	(1.2)	(2.1)	47.0
	Customer									
	contribution									
	Repeat	32%	-	32%	34%	-	34%	-	-	34%
	contribution									
	margin (%)									
	Other	(5.9)	5.2	(0.7)	(12.9)	13.2	0.3	(0.1)	-	0.2
	contribution									
		16.3	5.2	21.5	22.3	13.2	35.5	(0.6)	(1.6)	33.3
	<b>Naked Wines</b>									
	<b>UK</b>									
	Investment in	(5.8)	-	(5.8)	(3.4)	-	(3.4)	-	-	(3.4)
	New									
	Customers									
	Repeat	20.7	-	20.7	25.0	-	25.0	(0.1)	-	24.9
	Customer									
	contribution									
	Repeat	18%	-	18%	19%	-	19%	-	-	19%
	contribution									
	margin (%)									
		14.9	-	14.9	21.6	-	21.6	(0.1)	-	21.5
	<b>Naked Wines</b>									
	<b>Australia</b>									
	Investment in	(3.0)	-	(3.0)	(2.9)	-	(2.9)	-	0.2	(2.7)
	New									
	Customers									
	Repeat	7.8	-	7.8	11.2	-	11.2	(0.4)	(0.9)	9.9
	Customer									
	contribution									
	Repeat	25%	-	25%	26%	-	26%	-	-	26%
	contribution									
	margin (%)									
		4.8	-	4.8	8.3	-	8.3	(0.4)	(0.7)	7.2
<b>General and administrative</b>	Naked Wines	(11.9)	0.5	(11.4)	(13.6)	0.8	(12.8)	-	0.5	(12.3)
	US									
	Naked Wines	(6.7)	0.4	(6.3)	(6.9)	-	(6.9)	-	-	(6.9)
	UK									
	Naked Wines	(3.2)	0.1	(3.1)	(3.6)	-	(3.6)	-	0.3	(3.3)
	Australia									
	Unallocated	(16.1)	0.5	(15.5)	(28.9)	4.2	(24.7)	-	-	(24.7)
	<b>Group</b>	<b>(37.9)</b>	<b>1.5</b>	<b>(36.3)</b>	<b>(53.1)</b>	<b>5.0</b>	<b>(48.0)</b>	-	<b>0.8</b>	<b>(47.2)</b>
<b>Other costs</b>	Profit on sale	-	-	-	4.8	(4.8)	-	-	-	-
	of asset									
	Impairment	(9.9)	9.9	-	(18.2)	18.2	-	-	-	-
<b>EBIT</b>	Naked Wines	4.5	5.7	10.2	8.7	14.0	22.7	(0.6)	(1.1)	21.0
	US									
	Naked Wines	8.1	0.4	8.5	14.7	-	14.7	(0.1)	-	14.6
	UK									
	Naked Wines	0.8	1.0	1.8	4.7	-	4.7	(0.4)	(0.3)	4.0
	Australia									
	Unallocated	(25.2)	9.7	(15.5)	(42.4)	17.6	(24.7)	-	-	(24.7)
	<b>Group</b>	<b>(11.8)</b>	<b>16.8</b>	<b>5.0</b>	<b>(14.3)</b>	<b>31.6</b>	<b>17.4</b>	<b>(1.1)</b>	<b>(1.4)</b>	<b>14.9</b>

### Repeat Customer contribution margin

Naked      Naked      Naked      Group

		Wines US	Wines UK	Wines Australia	
<b>52 weeks ended 1 April 2024</b>					
Repeat Customer sales	£m	114.2	118.1	31.8	264.1
Repeat Customer contribution	£m	36.7	20.7	7.8	65.3
Repeat Customer contribution margin	%	32.1%	17.5%	24.5%	24.7%
<b>53 weeks ended 3 April 2023</b>					
Repeat Customer sales	£m	147.4	130.8	42.5	320.7
Repeat Customer contribution	£m	50.3	25.0	11.2	86.5
Repeat Customer contribution margin	%	34.1%	19.1%	26.4%	27.0%

### General and administrative costs reconciliation

	52 weeks ended 1 April 2024 £m	53 weeks ended 3 April 2023 £m
G&A costs per income statement	(37.9)	(53.1)
<b>Add back/(deduct) adjusted items (see note 6):</b>		
Amortisation of acquired intangibles	-	1.3
Disposal of US inventory - charitable donations	-	0.8
Disposal of US inventory - bad debt expense	0.2	-
Restructuring costs	1.3	1.5
Software as a Service costs	0.1	2.3
Legal settlement for Payment card Interchange fees	-	(0.7)
Fair value movement on open foreign exchange contracts	-	(0.1)
<b>G&amp;A costs as per note 5 Segmental reporting</b>	<b>(36.3)</b>	<b>(48.0)</b>
Add back marketing R&D spend	-	5.4
Add back share-based payment charges including related social security costs	0.4	1.5
<b>Operating G&amp;A costs</b>	<b>(35.9)</b>	<b>(41.1)</b>

### Net cash excluding lease liabilities

	1 April 2024 £m	3 April 2023 £m
<b>Cash and cash equivalents</b>	<b>31.9</b>	<b>39.5</b>
<b>Borrowings:</b>		
Borrowings net of issuance costs	(12.3)	(29.2)
Customer-funded bonds	-	-
<b>Net cash excluding lease liabilities</b>	<b>19.6</b>	<b>10.3</b>

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