

New Strategic Plan

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Naked Wines PLC

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Naked Wines plc
(‘Naked Wines’ or ‘Group’)

New Strategic Plan to deliver significant cash, distributions, and sustainable profitable growth

FY25 performance in line with guidance

Naked Wines is today hosting a Strategy Event for shareholders, institutional investors, analysts and other registered professionals.

The event being held this afternoon will provide a comprehensive overview of a new and detailed Strategic Plan as a conclusion of the recent performance and financial review.

Commenting on the New Strategic Plan, Rodrigo Maza, CEO, said:

"A year ago, I made a commitment to deliver real value to all our stakeholders. We now have a powerful plan that fulfills that promise, as we deliver on FY25 guidance even in the face of challenging market conditions."

"We will look to commence distributions, unlock capital from surplus inventory, double down on serving our most valuable members, and transform how we attract and retain new customers."

"I am deeply grateful to the team for their commitment and relentless hard work. Together, we are turning challenges into opportunities and paving the way for a bright future."

Strategic Plan - Overview

The Strategic Plan is built on a disciplined approach to capital, profitability and investment. The Group is now Adjusted Free Cash Flow¹ positive and from this much improved position, we see a return to growth, an improvement in KPIs, and a further strengthening of the balance sheet over the Medium Term. Specifically, we have three key priorities:

1. **Achieving £75m cash from the March 2025 balance sheet:** this will be delivered over the Medium Term largely by liquidating £40m of excess inventory.
2. **Reaching £10m-£15m annual EBITDA:** The business is now adjusted Free Cash Flow positive. In the Medium Term, revenue stabilises at £200m-£225m around a profitable core of members, with EBITDA progressively growing to £10m-£15m, supported by £23m of newly identified annualised cost savings; this creates up to £30m in additional net cash.
3. **Achieving sustainable Underlying Revenue2 growth, with ambition of 5-10% exit growth rate:** FY25 tests confirmed we have the right customer membership model, which can improve payback and return our business to membership growth - as we did in Australia in FY25.

We are also sharing our **new Capital Allocation Priorities**. Our focus is to maximise intrinsic value per share, prioritising the agreement of a near-term ongoing limited distribution strategy with our finance partners, and unlocking significant potential one-off shareholder returns over the Medium Term as the business is sustainably profitable.

Strategic Plan - In Detail

Achieving £75m cash from the March 2025 balance sheet

Over the past 18 months, Naked Wines has made significant strides in strengthening its financial position. As of the end of FY25 (31 March 2025), the Group expects to report £33m in net cash, a £13m improvement on the prior year and near the top end of guidance. In addition, the Group secured a £30m financing facility during the year to provide operational flexibility.

This progress reflects disciplined execution across the business, particularly in inventory, which is down circa £28m on March 2024. Our Strategic Plan identifies £40m of net cash available from excess stock, primarily in the US; this is £5m higher than we had forecast in December 2024. This £40m cash impact, is net of circa £12m of inventory liquidation costs for cased, bulk and excess storage costs, which are key to de-risking inventory, and speeding up delivery by up to 18 months.

Recalibrating around a high-quality profitable core, reaching £10m-£15m annual EBITDA

Our plan is designed to ensure the business is profitable in all realistic scenarios. We anticipate that revenue will stabilise by FY29 at £200-£225m, and that underlying EBITDA will progressively build to £10m-£15m over the Medium Term:

- 1) We are focusing our operations around our high-quality, profitable core of members, who have high retention and engagement, and generated circa £35m of contribution in FY25.
- 2) We have identified £23m of new annualised cost savings. £7m of these arise from the new Marketing strategy at the start of FY26. £16m are from COGS, other variable costs and G&A, of which 50% start in Q1 FY26, with the balance over the Medium Term. These savings are likely to result in a circa total £2m exceptional cost3 in late FY25/FY26.
- 3) This will ensure that the business generates up to £30m net cash over the Medium Term - this is on top of the balance sheet derived cash detailed above.
- 4) A key driver of Marketing and G&A savings within the plan, is the £5-£6m step-up in CAPEX, split between FY26-FY28, which is included within our cash expectations. Given historic priorities, the investment is necessary and has a high ROI, not only from the savings above, but it is also expected to drive improvements to revenue, acquisition and retention - these latter upsides have not yet been assumed in our plans.

Achieving sustainable Underlying Revenue growth: 5-10% exit growth rate ambition

In FY25, tests were run challenging every aspect of our business. The testing activity resulted in significant learnings that have now been integrated into our FY26 plans:

- Our unique Angel proposition is the right customer membership model for growth having robustly tested alternatives (e-commerce and curated cases) in all countries.
- Our FY25 testing and customer insight process identified opportunities to restore retention back to 2019 levels by improving product discovery, delivery experience, and community connection. A rigorous programme of testing in H1 FY26 enabled by up to 200bps of margin investment (from Q2 onwards) will deliver on our retention goals.
- In H2 FY25 our disciplined approach to acquisition investment, driven by our enhanced measurement system, is already showing meaningful early results.

- Australia has returned to growth in FY25 after two years of double digit membership declines, proving that disciplined management and culture of testing our acquisition and retention strategies can restore Naked Wines to sustainable growth.

Capital Allocation Priorities, Shareholder Returns and Share Buybacks

Given the strong current cash position in the balance sheet, and the anticipated cash generation from our plan over the Medium Term, the Group is currently prioritising the finalisation of a near-term ongoing limited distribution strategy in conjunction with its finance partners; we anticipate material additional one-off returns over the Medium Term - this will be enabled by sustained profitability.

The Board will allocate capital with the aim of maximising intrinsic value per share. Beyond the business-as-usual needs of the Group, we will compare the rate of return offered by internal growth opportunities, with the rates of return offered by repurchasing the Group's shares, and any other inorganic opportunities which may arise from time to time. We will be conservative in the assumptions that are made in each case and will allocate capital to the opportunity with the highest probability adjusted return, or 'expected value'.

If we do not consider there to be any capital allocation pathways available that would increase intrinsic value per share, we will consult with shareholders about alternative methods to return excess capital.

Share Buybacks:

In keeping with the capital allocation priorities set out above, the Board will consider repurchasing shares when doing so would increase the intrinsic value per share of the remaining shares outstanding. That means that we will repurchase shares when we consider the Group's share price to be trading at a material discount to the Board's conservatively calculated view of intrinsic value per share. By insisting on a material discount, we will give ourselves a margin of safety in case our estimate of value proves to be too ambitious.

1. Adjusted Free Cash Flow: from normal trading operations - i.e. excluding the net favourable impact of inventory reductions less inventory liquidation costs and exceptional items
2. Underlying Revenue excludes the exceptional FY20 and FY21 cohorts impacted by COVID-19 where Naked Wines acquired c. 3x the normal level of members and therefore, whilst attrition %'s are in line with norms, we are seeing 3x the magnitude of member attrition
3. Circa total £2m of exceptional costs in late FY25/FY26 relating to the centralisation project, and warehouse reorganisations as part of delivering £15m FY26 savings

KPIs

The Board has committed to maximising IRR, and ensuring that internal investments are aligned with this policy. In order to support this, the Group's KPIs internally and externally have been reviewed and simplified to ensure that they support the plan. These KPIs supporting our three core priorities are set out below:

1. Payback is defined as Value Created (repeat contribution) / New Investment. This KPI is currently under review
2. Return on Invested Capital (ROIC) is defined as Underlying Adjusted EBITDA / Invested Capital (including cash)

Medium Term guidance on Revenue, EBITDA, Net Cash and Inventory Liquidation Costs

KPI	FY25	Medium Term Guidance
Revenue	£240-£270m	Stabilising at £200-£225m by FY29
Underlying ¹ EBITDA excl. inventory liquidation	£4m-£9m ¹	Progressively growing to £10m-£15m p.a. over the Medium Term
Net Cash ²	£25m-£35m	£70m-£100m
Inventory liquidation costs	£2m-£7m ³	Circa £12m ⁴ as part of excess inventory reduction

1. Underlying EBITDA excludes inventory liquidation costs and exceptional items.
2. Net cash (excl lease liabilities); The amount of cash we are holding less borrowings at year end excluding lease liabilities.
3. FY25 inventory liquidation costs including interim guidance in Dec 24, 'that we are reviewing options to release capital from inventory; some of these ... could lead to increased liquidation costs, and result in EBIT at the lower end of guidance'. Costs include bulk and cased goods, excess overhead absorption (low production vol.), and associated storage costs.
4. FY26-FY30: Inventory liquidation to speed up cash delivery, including bulk and cased goods, excess overhead absorption and associated storage costs.

FY25 Current Trading and FY25 Results

Today, Naked Wines is also providing a brief update on trading ahead of reporting FY25 results for the 12 months ending 31 March 2025 in the summer. The Group's FY25 performance continues to track in line with expectations and the guidance communicated at the Peak Trading Update in late January 2025.

At the time of the FY25 results in the summer the Group will provide guidance for FY26.

Presentational Materials

The presentational materials being used at today's event will be made available on the Naked Wines plc website (www.nakedwinesplc.co.uk) at the start of the event at 2pm UK-time. A recording of the event along with a transcript will be available on the website tomorrow.

No additional material disclosures will be made during today's event.

Upcoming live presentation with Investor Meet Company

As previously announced, Naked Wines is also hosting a live presentation for all investors via the Investor Meet Company platform tomorrow (**Friday, 28 March 2025**) at **09:00 am GMT**. The Investor Meet Company presentation is open to all existing and potential shareholders.

Investors can sign up to Investor Meet Company for free and add to meet Naked Wines plc via the link below. Investors who already follow Naked Wines plc on the Investor Meet Company platform will have automatically been invited.

<https://www.investormeetcompany.com/naked-wines-plc/register-investor>

The information contained within this announcement is deemed by the Group to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018.

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About Naked Wines

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 16 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 Angel customers in the UK, US and Australia have direct access to over 300 world-class independent winemakers and over 2,500 quality wines from 23 countries.

For more information visit nakedwinesplc.co.uk and nakedwines.co.uk or find us [@nakedwines](https://www.instagram.com/nakedwines)

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