

NEWS RELEASE

Sale of Lay & Wheeler for £11.3 million

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Naked Wines PLC

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Naked Wines plc

Sale of Lay & Wheeler for £11.3 million

Naked Wines plc ("Naked" or the "Company") today announces that it has sold the entire issued capital of Lay & Wheeler Limited and Vinotheque Holdings Limited, which together comprise the Lay & Wheeler business ("L&W"), to Coterie Limited ("Coterie") for a total cash consideration of £11.3m (the "Disposal").

This Disposal follows the sale of the Majestic Retail and Commercial businesses, announced in August 2019, for total consideration of approximately £100m, and represents another significant milestone in the evolution of the Naked group ("Group"), by freeing up capital and resource to pursue the significant growth opportunity ahead of Naked.

Commenting on the Disposal, Rowan Gormley, CEO of Naked, said:

"Following the disposal of Majestic Retail and Commercial, I am delighted that we have also secured an independent future for Lay & Wheeler and its employees.

I would like to thank all staff, customers and suppliers for their loyalty and continued dedication during the process.

We look forward to our future as a much simplified and growth orientated company continuing to focus on the huge opportunity ahead of us."

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ADDITIONAL INFORMATION

Strategic rationale for the Disposal

Today's announcement follows the disposal of the Majestic Retail and Commercial businesses, announced in August 2019, and represents another significant milestone in the evolution of the Group, by freeing up capital and resource to pursue the significant growth opportunity ahead of Naked.

On 25 March 2019, the Company's Board announced that it had taken the difficult but strategically important decision to focus all of its capital and energy on delivering the growth potential of its Naked business while realising value from the sale of its Majestic Retail and Commercial and L&W businesses.

The Board considers that focusing the Group's resources behind Naked is the best way to maximise value for our shareholders and the disposal of L&W is another significant step towards simplifying the Company into one business model, operating under a single brand, and with intense management focus on delivering an ambitious growth strategy.

Principal terms of the Disposal

The Disposal Agreement between the Company and Coterie was entered into on 01 October 2019. Pursuant to the Disposal Agreement, the Company has agreed to dispose of L&W to Coterie for total consideration of £11.3m, payable in cash on completion.

Information on L&W

L&W is a specialist fine wine merchant established in 1854. It specialises in wines from Bordeaux, Burgundy, the Rhone, the Loire, South Africa and Italy, as well as selling wines from many other areas. L&W offers a personalised service to people who love fine wine, from buying to storing and selling fine wine.

Financial effects of the Disposal and use of the proceeds

Financial effects of the Disposal on the Company

At the date of this announcement, while the Group financial statements and segmental reporting have been audited for FY19, the subsidiary accounts are still being finalised and reviewed. As such, amounts shown below are unaudited values for FY19. Audited values for FY18 are footnoted¹. The unaudited FY19 combined net asset value of Lay & Wheeler Limited and Vinotheque Holdings Limited was £6.3m.

In FY19, L&W contributed £14.9m to the Group's underlying revenue of £505.1m and £1.2m to the Group's Underlying Adjusted EBIT of £12.1m. As completion of the Disposal occurred on signing on 01 October 2019, the L&W business will be reported as discontinued in the FY20 results of the continuing Group.

Use of proceeds

The Board's capital allocation policy, in order of priority, is to maintain a healthy balance sheet, invest for growth, and return surplus cash to shareholders.

It is expected that the net proceeds of the Disposal, after payment of transaction costs, will be circa £10m. The Disposal will not be subject to tax as the businesses being sold qualify for the Substantial Shareholding Exemption.

The net proceeds will be held on the balance sheet pending further review of the Company's capital requirements. The Company is currently exploring or intends to explore a number of initiatives which have the potential to increase its rate of investment and growth and further updates will be provided as future cash requirements are confirmed.

Strategy for the continuing Group

The continuing Group will have an online subscription business operating in large and growing markets. The strategy is to pursue the attractive growth opportunity by maximising investment in new customer acquisition for as long as the targeted rate of return on those investments is achievable.

About Naked Wines plc

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

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

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

Naked Wines has a fast growing and loyal subscriber base of Angels across its three markets and works with over 197 independent winemakers, producing 1,000+ wines in 17 countries.

1 FY18 audited values for Lay & Wheeler Limited and Vinotheque Holdings Limited combined are: Revenue £13.0m, Adjusted EBIT £0.6m, Reported PBT £0.4m and Net Asset Value £5.5m

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