Investor Presentation

Is a High Growth Model Feasible?

December 2019

Winemaker: Scott Kelley
Purpose

• At our interim results we signaled the start of a new chapter for Naked
  – Clear focus on US growth opportunity
  – Capital and resources required in place
  – Team in place to deliver

• We also signaled 2 potential trajectories for the business
  – Medium growth, cash to return
  – High growth

• The objective today is to help show you how we are organizing to see if we can unlock the High Growth option
  – Overview of the opportunity
  – Our approach to investment opportunities
  – The team to deliver
The US opportunity

Improve proposition to increase LTV

Harness scale efficiency to drive LTV

Unlock new investment channels
**The US market opportunity is huge**

DTC market on track for **$5bn** by 2024

US DTC market ($bn)

- 2011: 12.5%
- 2012: 9.9%
- 2013: 7.5%
- 2014: 15.5%
- 2015: 8.1%
- 2016: 18.5%
- 2017: 15.5%
- 2018: 11.6%
- 2024: (estimated)

Tracking at 11% (PA benchmark), Naked share would be **$0.6bn**

We have favourable economics

We are NOT a wine retailer.
Like Netflix, we produce original content, so...

1. We are regulated as a winery
   We can access 96% of US wine drinking population

2. We access 3 levels of GP
   We can beat our competitors on price and still make healthy margins

3. We own our brands
   Customers become loyal to our exclusive wines and winemakers
And an advantaged model vs competitors

**Vs Retailers**
- Ship to 43 states vs 12
- Access 3 tiers of GP vs 1
- Exclusive product range
- No legacy issues from physical retail

3 Tier system constrains Retailer ability to match Naked value prop

**Vs Traditional Wineries**
- Large winery DtC offers configured to avoid harm to 3 Tier business and relationships
- Naked also offers broad assortment driving higher retention and LTV

Narrow customer offer and remain reliant on 3-Tier for profits

**Vs DTC Competitors**
- Scale & capability advantaged:
  - 2 day national delivery network
  - 200+ leading winemakers
  - Millions of customer ratings

Substantial scale advantage delivers superior proposition

Wine industry regulation provides barriers to entry

**Vs Other Models**
- Amazon locked into retail model post Whole Foods acquisition
- Unregulated Platforms (like Vivino) only able to access limited margin pool due to working with 3-Tier partners

No legacy issues from physical retail
And an established leadership position

**Nakedwines.com**

voted as the #1 US wine club by USA Today

---

**Nakedwines.com**

is the market leader in Pennsylvania - the most recent major state to open for DTC

<table>
<thead>
<tr>
<th>Winery</th>
<th>% sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAKEDWINES.COM INC</td>
<td>11.0%</td>
</tr>
<tr>
<td>WINE INSIDERS</td>
<td>8.6%</td>
</tr>
<tr>
<td>LAITHWAITES</td>
<td>5.4%</td>
</tr>
<tr>
<td>WOLF BLASS/ WINDSOR</td>
<td>2.8%</td>
</tr>
<tr>
<td>FIRSTLEAF</td>
<td>2.4%</td>
</tr>
<tr>
<td>WINE ACCESS</td>
<td>2.3%</td>
</tr>
<tr>
<td>TREASURY WINE ESTATES AMERICAS COMPANY</td>
<td>1.9%</td>
</tr>
<tr>
<td>FN CELLARS LLC</td>
<td>1.7%</td>
</tr>
<tr>
<td>WINC</td>
<td>1.6%</td>
</tr>
<tr>
<td>HALL WINES LLC</td>
<td>1.5%</td>
</tr>
<tr>
<td>1-800 WINESHOP.COM, INC</td>
<td>1.5%</td>
</tr>
<tr>
<td>VINTAGE WINE ESTATES INC</td>
<td>1.5%</td>
</tr>
<tr>
<td>HUNEEUS VINTNERS LLC</td>
<td>1.1%</td>
</tr>
<tr>
<td>HARLAN ESTATE WINERY INC</td>
<td>1.0%</td>
</tr>
<tr>
<td>JACKSON FAMILY WINES INC</td>
<td>1.0%</td>
</tr>
<tr>
<td>KB WINES LLC</td>
<td>1.0%</td>
</tr>
<tr>
<td>GIFT SERVICES INC</td>
<td>1.0%</td>
</tr>
<tr>
<td>PETER MICHAEL WINERY</td>
<td>0.9%</td>
</tr>
<tr>
<td>DUCKHORN WINE COMPANY</td>
<td>0.9%</td>
</tr>
<tr>
<td>STAGS LEAP WINE CELLARS LLC</td>
<td>0.9%</td>
</tr>
</tbody>
</table>
The proof is in the drinking!
Competitive advantage translates into measurably better wine for less

- $34.99 Angel price saving 65% vs Market Price of $104.99
- 96% customer rating
- 9,300 bottles sold out in 2 months (estimated annual demand 40,000 bottles)

Matt Parish Rutherford Reserve Cab

Vivino ratings back up our promise - of all the Napa Cabs on Vivino rated 4.3 out of 5 and below...
- The average price was $100.11
- The highest price is close to $400

Try for yourself later!
Capitalized to support growth
Business will have c. £50m of cash post initial completion(s)

<table>
<thead>
<tr>
<th></th>
<th>£m</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY20 disposal proceeds</td>
<td>84</td>
</tr>
<tr>
<td>Net debt at closing (estimated)</td>
<td>(32)</td>
</tr>
<tr>
<td>Continuing business cash</td>
<td>52</td>
</tr>
</tbody>
</table>
If we can deploy the capital ...

<table>
<thead>
<tr>
<th></th>
<th>Current trajectory</th>
<th>Deploy excess capital</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales trajectory</strong></td>
<td>+10% - 15% p.a.</td>
<td>+20% p.a.</td>
</tr>
<tr>
<td><strong>SS EBIT % at maturity</strong></td>
<td>c.10%</td>
<td>c.10%</td>
</tr>
<tr>
<td><strong>Total cumulative cash burn</strong></td>
<td>£10-15m</td>
<td>£40m</td>
</tr>
</tbody>
</table>

- Illustrative example showing what the business is capable of at different levels of investment
- Two attractive outcomes:
  - Medium growth, high cash
  - High growth, low cash

1. Total cumulative cash requirement, including working capital, until business becomes cashflow positive. I.e. this is not an annual cash burn.

Any forward looking and/or pro forma financial information is for purely illustrative purposes, reflecting assumptions based on historical data and guidance. It should not be interpreted as a forecast of future performance.
Why do we believe we can accelerate?

1. Improve Economics
   - Improve proposition to increase LTV
2. New Channels
   - Harness scale efficiency to drive LTV
   - Unlock new investment channels

Improved economics help unlock new channels
The US opportunity

Improve proposition to increase LTV

Harness scale efficiency to drive LTV

Unlock new investment channels

Investor presentation, December 2019
Increase LTV: Why?
Driving retention and LTV has been and will continue to be single greatest lever to unlocking new investment

- **Compound impact**
  - 1ppt increase in retention = ~8% increase in LTV and allowable CAC

- **Deepen moat**
  - Stickier model with more loyal customers AND higher allowable spend levels

- **We’ve done it**
  - Sales retention levels higher in more mature UK business
Increase LTV: Why do we believe?

(1) We’ve invested in capability

- Material investment in capability announced at FY19 results as we planned to exit Majestic
- Resource in prior 4 years biased to Majestic
- Initial wave of proposition enhancement projects for Naked now starting to be released...
Increase LTV: Why do we believe?

(2) Early positive signs from investment

Customer powered pricing

Signed c.15k Angels in first 2 months

Driving retention AND contribution per Angel

LOTS more projects in pipeline:

- Funnel curation
- Wine Genie
- Next Best Action
- Subscription level testing
Increase LTV: Why do we believe?

(2) Early positive signs from investment

<table>
<thead>
<tr>
<th>Days since refund</th>
<th>Contribution per potential customer</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>Control</td>
</tr>
<tr>
<td>50</td>
<td>Test</td>
</tr>
<tr>
<td>100</td>
<td>LTV enhancement</td>
</tr>
<tr>
<td>150</td>
<td></td>
</tr>
</tbody>
</table>
Increase LTV: Why do we believe?
(3) Translating into higher LTV amongst recent US cohorts

Cumulative Contribution per Joining Angel
(H2 FY19 and H1 FY20 Cohorts, USA)

+21% average increase in contribution per joining angel
Increase LTV: Why do we believe?

(3) Disciplined investment model applied to LTV maximization

• Our approach to investing in increasing lifetime value is underpinned by same discipline as investment in customer acquisition
  – Discrete & measurable investments
  – Test & learn approach
  – Back the winners & unwind the rest

• Early signs suggest we will be able to generate attractive returns from our investments in technology resource and customer proposition

• However, if that is not the case, we are able to unwind these investments
  – Fixed costs reduced
  – Margin investment reversed
Harness scale efficiency to drive LTV

Unlock new investment channels

Improve proposition to increase LTV

The US opportunity
Scale Leverage: Why?
Opportunity to drive material scale efficiency

1. Leveraging our scale will allow us to deepen competitive moat
   Increasing scale allows us to deliver BOTH cost reduction and an advantaged customer proposition, heightening barriers to entry (e.g. National 2-day fulfillment network, 7 day a week shipping etc)

2. Benefits of scale reinforce investment economics
   Medium term goal of $4-6 / order in scale leverage would unlock ~30-40% additional investment at today’s economics
Scale Leverage: Why?
Scale benefits materially enhance investment economics

- Scale benefits to order costs could unlock material extra payback
- Our intent would be to ‘re-invest’ in opening more spend at 4x
- $6 saving would open ~30-40% more spend in existing channels
Scale Leverage: Why Believe?
Experienced team in place

**Brian Peabody**
- Operations Director
- Since joining in 2017 has reconfigured network best in industry whilst extracting cost
- End-to-end supply chain experience from Colgate

**Antonio Trevino**
- VP Winemaking with 24 years of wine industry experience
- Former Director of Winemaking and Chief Production Officer at Purple Wine & Spirits

**Lucy Devlin**
- VP Planning, Procurement & Customer Experience
- Former Head of Procurement Hello Fresh UK, and Head of Fresh Buying at Ocado
Scale Leverage: Why Believe?
Clear opportunities over medium term

- Warehouse delivery
- Major opportunities in network configuration and efficiency
- Potential $4-$6 savings per order
- Opportunities to drive self service and innovate service delivery model
- Buying
- Opportunities in dry goods, production and grape sourcing
- Customer service
Scale Leverage: Why Believe?
Early benefits already being realized

Restructured US supply chain

Next day - 48.3% of shipments
2nd day - 50.1% of shipments
3rd day - 1.6% of shipments

Initial network strategic plan now complete:

• Scalable commercial agreement with our Logistics partners
• Network capacity doubled
• 98% national 2-day coverage
• Warehouse restructure to enhance service and remove cost

Restructure will deliver $1m of cost savings p.a. (~$1 / order)
Scale Leverage: Why Believe?
We’ve identified 4 key efficiency levers

Warehouse Partner Margin
Commercial agreement in place to lock-in reduced costs as we scale

Warehouse Efficiency
Higher throughput per site driving fixed cost leverage and labor efficiency

Final Mile
Approaching scale required to negotiate volume based savings

Inventory Holding Efficiency
Reduced stock cover as % sales driving lower warehouse space / sales
The US opportunity

Improve proposition to increase LTV

Harness scale efficiency to drive LTV

Unlock new investment channels
New Channels: Why?
We are currently sub-scale vs DtC leaders

Selected DtC Leaders Marketing Investment

1. Naked Wines USA FY19 Investment, Blue Apron, HelloFresh and StitchFix investment levels from latest full year annual reports. US investment only. HelloFresh converted from Euro to USD.
## New Channels: Why Believe?
Multiple additional channels available that are working for peers

<table>
<thead>
<tr>
<th>Channel</th>
<th>Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partner Insert Marketing</td>
<td>High</td>
</tr>
<tr>
<td>Facebook, Google</td>
<td>Med</td>
</tr>
<tr>
<td>Strategic Partnerships</td>
<td>New</td>
</tr>
<tr>
<td>Paid Influencer, Affiliate, Direct Mail, DR TV, Native, Display, Podcast, Outdoor, Print Media, YouTube, Lead Gen</td>
<td>Low / None</td>
</tr>
</tbody>
</table>
New Channels: Why Believe?
Data Science capability allowing higher ‘hit-rate’ on investment growth

We have ...
- Refined our investment approach
- Improved early warning systems
- Developed effective data analytics

Enabling us to ...
- Triple investment in 5 years
- Maintain payback at target levels
- Able to ‘put foot on gas’ much more confidently vs 2016
New Channels: Why Believe?
Evidenced by growth in investment AND payback

US performance, H1 FY20

- Investment: +21%
- Payback: +0.2x
- Underlying revenue growth: +17%
- Sales retention: +1 ppt
New Channels: Why Believe?
Investing in team & capability

- Naked co-founder
- Relocated to NY to as VP Growth
- Focus on growing investment & broadening channel mix
- Unique mix of business development skillset and knowledge of Naked model
New Channels: Why Believe?
Strategic Partnerships – what’s that?

Strategic Partnerships

- Scale partners offering step change growth
- True partnership with 2-way value creation

Depth of Relationship

Traditional Naked Partner Relationships

Scale of Partner
New Channels: Why Believe?
Strategic Partnerships approach

- Target transformational partners with game-changing customer bases
- Take a more strategic approach than simply parcel inserts:
  - Longer-term Profit/Revenue share agreements
  - Change currency to include access to our high value customers
  - Collaborate on new customer acquisition
  - Build integrated digital experiences which may require IT development
  - Using content as a value add
New Channels: Why Believe?

An Example: Wayfair

- Initial deal signed with Wayfair a more commoditized partnership
- Low level of engagement and moderate results
- Through deeper engagement and refresh of marketing content now top 5 partner this peak OND
- Performance proven and now basis for larger future relationship
New Channels: Why Believe?
Naked already attracting top-tier partners

<table>
<thead>
<tr>
<th>New</th>
<th>Existing</th>
</tr>
</thead>
<tbody>
<tr>
<td>AARP® - Real Possibilities</td>
<td>HelloFresh</td>
</tr>
<tr>
<td></td>
<td>zooplus</td>
</tr>
<tr>
<td></td>
<td>Book Depository</td>
</tr>
<tr>
<td></td>
<td>Blacks</td>
</tr>
<tr>
<td></td>
<td>zulily</td>
</tr>
<tr>
<td></td>
<td>Shutterfly</td>
</tr>
<tr>
<td></td>
<td>AMERICAN EXPRESS</td>
</tr>
<tr>
<td></td>
<td>wayfair</td>
</tr>
<tr>
<td></td>
<td>trainline</td>
</tr>
<tr>
<td>Green Chef</td>
<td>STAPLES</td>
</tr>
<tr>
<td>BARNES &amp; NOBLE</td>
<td>ProFlowers</td>
</tr>
<tr>
<td>Office Depot</td>
<td>Crate &amp; Barrel</td>
</tr>
<tr>
<td>EveryPlate</td>
<td>Amazon.com.au</td>
</tr>
<tr>
<td></td>
<td>Saks Fifth Avenue</td>
</tr>
<tr>
<td></td>
<td>Fanatics</td>
</tr>
</tbody>
</table>
In Summary

**NOT a promise of a certain rate of future growth**
While we see a material opportunity and a path to faster growth, the rate of growth remains uncertain and progress from year to year will be lumpy.

**NOT a single initiative that will transform business**
There are no silver bullets. Accelerating growth will be product of testing multiple potential opportunities and backing those that work. You don’t need to believe everything works to see a path to faster growth.

**IS about a method that we believe will allow us to unlock faster growth if it is available**
We see our disciplined investment approach and capability to rapidly identify and back the winners as key. We can’t tell you which ideas will be the winners but we can tell you how we will find them.

**AND an experienced team to deliver**
We have a strong team in place to scale US business efficiently.
Disclaimer

This presentation (the “Presentation”) has been produced for discussion purposes only. The information contained in the Presentation is not intended for any other use. The Presentation is being made only to, and is only directed at, persons to whom it may lawfully be communicated (“relevant persons”). Any person who is not a relevant person should not act or rely on this presentation or any of its contents. This presentation does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to purchase any shares or other securities in Naked Wines Plc (the “Company”), nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any contract or commitment or investment decisions relating thereto, nor does it constitute a recommendation regarding the shares and other securities of the Company.

All aspects of the Presentation must be independently confirmed by any recipient of the Presentation and must be considered in the context of more fulsome and independently-obtained information that may be required for any decision regarding the Presentation’s subject matter. The financial information referenced in this presentation does not contain sufficient detail to allow a full understanding of the Company’s results. For more detailed information, the entire text of the results announcement for the half year ended 30 September 2019 can be found on the Investor Relations section of the Company’s website (www.nakedwinesplc.co.uk). Any recipient of the Presentation should determine, in consultation with its own legal, tax, regulatory, accounting and other pertinent advisors, all economic risks and merits, as well as legal, tax, regulatory and accounting characteristics and consequences, of any transaction as it pertains to them. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is provided in relation to any aspect of the Presentation. The Company accepts no responsibility for, and expressly disclaims all liabilities relating to, any loss, whether direct or indirect, or any other kind of damage resulting from reliance upon or use of information contained in the Presentation.

Certain statements included or incorporated by reference within this presentation may constitute “forward-looking statements” in respect of the Company’s operations, performance, prospects and/or financial condition. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions and actual results or events may differ materially from those expressed or implied by those statements. Accordingly, no assurance can be given that any particular expectation will be met and reliance should not be placed on any forward-looking statement. Nothing in this presentation should be construed as a profit forecast. All forward-looking statements relating to the Presentation are qualified in their entirety by this cautionary statement.

The Presentation is to be construed as of the date of its creation and is subject to change at any time without notice. No party makes any representation, whether express or implied, with respect to the completeness or accuracy of the Presentation, or for the fitness of the information in the Presentation for any purpose. No party shall have any obligation to update any information contained in the Presentation at any time.

Nothing in this Presentation shall be construed by any party as a binding or legally enforceable commitment, contract or offer to contract with respect to its subject matter. The Presentation neither imposes any obligation, nor grants any rights with respect to, any service or transaction referenced in the Presentation, nor does it impose on any party a duty or obligation to conclude any such agreement or commitment.

Any person receiving the Presentation is deemed to have accepted these legal notices and that such notices shall apply even if the Presentation in any way is shown to be erroneous, incomplete or based upon incorrect or incomplete facts, interpretations or assessments or assumptions, irrespective of any responsibility of the Company. To the extent permitted by law, all legal considerations arising from this Presentation shall be governed by English Law. Nothing in this presentation shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.