Registered number: 07859647 (England and Wales)

# Annual report and financial statements for the 53 weeks ended 03 April 2023

# Naked Wines International Limited

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|---|---|
| **Directors:** | J Crawford<br>M Rodrigo |
| **Company secretary:** | A Huffsmith |
| **Registered office:** | The Union Building,<br>51-59 Rose Lane,<br>Norwich,<br>NR1 1BY |
| **Registered number:** | 07859647 (England and Wales) |
| **Auditor:** | Deloitte LLP<br>Statutory Auditor<br>1 Station Square<br>Cambridge<br>CB1 2GA<br>United Kingdom |

The director presents their strategic report for the 53 Weeks ended 03 April 2023.

**Review of the business**
The principal activity of the company is that of a holding company, which invests in its subsidiaries to develop the Naked Wines business around the world. The company's financial reporting year represents the 53 Weeks to 03 April 2023. The prior financial year was for 52 Weeks to 28 March 2022.

The key financial and other performance indicators during the year were as follows:

| | 2023 | 2022 |
|---|---|---|
| | £'000 | £'000 |
| Revenue | **14,468** | 11,159 |
| Operating loss | **(2,519)** | (4,329) |
| Loss after tax | **(1,636)** | (3,546) |
| Shareholders' deficit | **(13,366)** | (11,751) |

Revenue increased by 30% from £11.2m in the prior year to £14.5m. Administrative expenses increased by 9.6% *from £15.7m to £17m resulting in a reduction in operating loss of £1.8m to £2.5m (2022: loss of £4.3m).* After a tax credit of £0.9m (2022: £0.8m credit), the loss after tax transferred to shareholders equity in the year was £1.6m.

**Principal Risks & Uncertainties**

The director and management are required to implement controls and processes to adequately mitigate risks, as well as maintaining a business unit risk register which flows into the Group footprint. These registers consider risk likelihood and impact to assess an overall risk rating and prioritise mitigation actions. The Director confirm that they have carried out an assessment of the principal risks and uncertainties facing the company, including those that would threaten its business model, future performance, solvency, or liquidity. The Board remains committed to ensuring that the key risks are managed on an ongoing basis and operate within an acceptable level.

The main risk and uncertainty facing the company is:

*Climate change*
The Board recognises that climate change creates potential risk for the company's Trading Subsidiaries. Indeed, within this financial year wine producers in the US and Australia have had to contend with difficult fire seasons. The Board recognises that we are exposed to climate change risks in the areas listed below:

- Business interruption, mitigated through having multiple sites for key activities; and
- Supply risks, mitigated by having a diverse and geographically dispersed sourcing and supply chain network.

Full details of risks and how these are managed can be found in pages 39 to 46 of the 2022 Naked Wines plc Annual Report.

**Financial risk management objectives and policies**
The Director continually review and evaluate the risks that the company is facing. The main financial risks are:

*Currency risk*
The costs of the Company are subject to currency risk given its global operations. The company may sometimes choose to forward buy currency where there is a significant period between a purchase commitment and expected payment dates.

*Liquidity risk*
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company aims to mitigate liquidity risk by having a long-term funding arrangement with its parent.

**Future developments**

The director expects the operating loss in the forthcoming year to be in line with 2023.

**Section 172(1) statement**

With regard to the requirements of S172 of the Companies Act 2006, the director assert that they act in ways which they consider, in good faith, to be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard to:

- the likely consequences of any decision in the long term,
- the interests of the company's employees,
- the need to foster the company's business relationships with suppliers, customers and others,
- the impact of the company's operations on the community and he environment,
- the desirability of the company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the company.

The Director is mindful of their duties under S172 of the Act to run the company for the benefit of its shareholders, and in doing so, to take into account the long term impact of any decisions on stakeholder relationships and the impact of its activities on its reputation.

The Director have identified customers, i.e. bond holders as its key stakeholders. Building positive relations with these stakeholders, treating them well and with respect is essential to the success of the business. No other relevant considerations apply to this company.

**Approved and authorised by order of the Board:**

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J Crawford
Director

Date: 15/12/23

**Registered number 07859647**
The Director presents their annual report with the audited financial statements of the company for the 53 Weeks ended 03 April 2023.

**Director**
The directors who served during the year and subsequent to the year end, unless otherwise stated were:

J Crawford (Appointed 7 November 2023)
M Rodrigo (Appointed 13 November 2023)
N Devlin (Resigned 7 November 2023)
S Tabak (Resigned 22 July 2022)

**Corporate responsibility**

*Statement on employee engagement and business relationships*
Please refer to S172 in the Strategic report.

*Environmental*
The company remains committed to operating in an environmentally responsible manner. Full details can be found on page 71 within the Statement of Directors' responsibilities of the 2023 Naked Wines plc Annual Report.

*Health and safety*
The company is committed to providing for the health, safety and welfare matters for all its employees. Every effort is made to ensure that the requirements of the Work Health and Safety Act 2011 and all other relevant regulations and codes of practice are complied with.

**Dividends**
No dividends were proposed or paid during the current and prior years.

**Future developments**
Please refer to the future developments section within the Strategic report.

**Going concern**
On the basis that the Company is reporting a net liability at the reporting date, the Company has obtained a letter of support from its ultimate parent undertaking, Naked Wines plc, "the Group", that it will continue to provide financial support as necessary for the Company to meet its liabilities as they fall due for a period of at least 12 months following the date of approval of these financial statements.

In assessing the appropriateness of the going concern assumption, the Directors have considered (i) the cash requirements of the business to pursue its intended objectives and strategy, (ii) the sufficiency of resources of its ultimate parent undertaking Naked Wines PLC to be able to meet the obligations of the parent company letter of support to provide ongoing finance as necessary to meet its liabilities as they fall due, and (iii) potential variations in cash requirements of the Company and the ultimate parent company taking into account severe yet plausible downside scenarios that appropriately reflect the current uncertainties of the group.

The Directors note that the annual report and accounts of its ultimate parent company, Naked Wines PLC, have been prepared on a going concern basis with a material uncertainty. The material uncertainty relating to going concern relates to the Naked Wines Group's ability to generate sufficient future cashflows while trading in a volatile environment, successful completion of planned actions and maintaining access to the forecast level of Asset Backed Lending facility to meet its minimum cash covenant in the going concern period. See Naked Wines PLC annual report and accounts for the year ended 3 April 2023 for further details. Having made necessary enquiries, the Directors have a reasonable expectation that the Company will be able to continue to meet its liabilities as they fall due but given the Company's reliance on support from the Group and factors detailed above, the Directors consider these conditions to constitute a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern, such that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

**Directors' liabilities**
The company's ultimate parent, Naked Wines plc, maintains indemnity to all directors of its subsidiaries against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' report.

**Events since the balance sheet**
On 22 August 2023, the Directors of the ultimate parent company, Naked Wines plc, concluded an amendment to the principal covenant obligations of the Group's asset backed lending facility. The Company is a participant and guarantor to the financial condition covenants in relation to this credit facility.

This amendment moves the facility defined adjusted EBITDA covenant commitment threshold from a trailing three to a trailing 12-month basis from the beginning of FY25 and increases the size and specificity of the non recurring expense add-back in the calculation of the facility defined adjusted EBITDA covenant commitment. The amendment also documented as a post close completion obligation the inclusion of the Group's Australian businesses as loan parties to the agreement. These revised covenant obligations came into effect for periods beginning after 2 October 2023.

The introduction of the revised covenant commitments has no financial effect on the operation of the credit facility. However, the Directors of the ultimate parent company believe that the revised profit covenant test provides the Group with greater latitude in the unwind of the Group's excess inventory and management of its operating cost base.

There were no other events after the balance sheet date that had a material impact on the financial position and performance of the Company.

**Financial risk management objectives and policies**

These can be found within the Strategic report.

**Disclosure of information to the auditor**
Each of the persons who is a director at the date of approval of this report confirms that:
- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

**Appointment of the auditor**
In accordance with section 485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Deloitte LLP as auditor of the company.

**Approved and authorised by order of the Board:**

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J Crawford
Director

Date: 15/12/23

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Independent auditor's report to the members of Naked Wines International Limited**

**Report on the audit of the financial statements**

**Opinion**

In our opinion the financial statements of Naked Wines International Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 03 April 2023 and of its (loss) for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework".

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Material uncertainty related to going concern**

We draw attention to note 2 in the financial statements, which indicates that the company is reliant on financial support from its ultimate parent, Naked Wines PLC to meet its liabilities as they fall due. The ability of the Naked Wines plc to provide such support is dependent on its ability to generate sufficient future cash flows while trading in a volatile environment, successful completion of planned actions and maintaining access to the forecast level of Asset Backed Lending facility in order to meet its minimum cash covenant in the going concern period. As stated in note 2, these events or conditions, along with the other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Responsibilities of directors**
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

**Extent to which the audit was considered capable of detecting irregularities, including fraud**
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, and UK tax legislation etc; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included the UK Bribery act.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance, and reviewing internal audit reports.

**Report on other legal and regulatory requirements**

**Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

**Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

**Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Schofield.

Paul Schofield FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Cambridge, UK
Date: 15 December 2023

**Naked Wines International Limited**
**Statement of comprehensive Income**
***For the 53 Weeks ended 03 April 2023***

| Continuing operations | Note | 2023 £'000 | 2022 £'000 |
|---|---|---|---|
| Revenue | 3 | **14,468** | 11,159 |
| Administrative expenses | | **(16,987)** | (15,488) |
| **Operating loss** | | **(2,519)** | (4,329) |
| **Loss before tax** | 4 | **(2,519)** | (4,329) |
| Tax | 6 | **883** | 783 |
| **Loss for the year** | | **(1,636)** | (3,546) |
| Other comprehensive income | | **-** | - |
| **Total comprehensive loss for the year** | | **(1,636)** | (3,546) |

**Naked Wines International Limited**
**Balance sheet**
**As at 03 April 2023**

| | Note | 2023 £'000 | 2022 £'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Intangible Assets | 7 | **1,134** | 1,338 |
| Deferred taxation | 8 | **390** | 11 |
| Investment in subsidiaries | 9 | **65** | 70 |
| Non-current receivables | 10 | **86,270** | 70,930 |
| | | **87,859** | 72,349 |
| **Current assets** | | | |
| Cash and cash equivalents | | **-** | 9 |
| | | **-** | 9 |
| **Current liabilities** | | | |
| Trade and other payables | 11 | **(101,225)** | (84,109) |
| **Net current liabilities** | | **(101,225)** | (84,100) |
| **Net liabilities** | | **(13,366)** | (11,751) |
| **Equity** | | | |
| Share capital | 12 | **117** | 117 |
| Share premium account | 13 | **33,623** | 33,623 |
| Profit and loss account | | **(47,106)** | (45,491) |
| **Shareholders' deficit** | | **(13,366)** | (11,751) |

The financial statements were approved by the Board and authorised for issue on 15 December 2023 and signed on its behalf by:

**J Crawford**
**Director**
**Company No: 07859647**

**Naked Wines International Limited**
**Statement of changes in equity**
**For the 53 Weeks ended 03 April 2023**

| | Notes | Share capital £'000 | Share premium £'000 | Profit and loss account £'000 | Total £'000 |
|---|---|---|---|---|---|
| At 29 March 2021 | | 117 | 33,623 | (41,953) | (8,213) |
| Loss for the year | | - | - | (3,546) | (3,546) |
| **Total comprehensive loss for the year** | | **-** | **-** | **(3,546)** | **(3,546)** |
| Transactions with owners: | | | | | |
| Transfer to shareholder's funds – employee costs expected to be satisfied in shares | | - | - | 9 | 9 |
| Deferred tax on share based payments | 6 | - | - | (1) | (1) |
| **Total transactions with owners** | | **-** | **-** | **8** | **8** |
| At 28 March 2022 | | 117 | 33,623 | (45,491) | (11,751) |
| Loss for the year | | - | - | **(1,636)** | **(1,636)** |
| **Total comprehensive loss for the year** | | - | - | **(1,636)** | **(1,636)** |
| **Transactions with owners:** | | | | | |
| Transfer to shareholder's funds – employee costs expected to be satisfied in shares | | **-** | **-** | **23** | **23** |
| Deferred tax on share based payments | 6 | - | - | **(2)** | **(2)** |
| **Total transactions with owners** | | - | - | **21** | **21** |
| **At 03 April 2023** | | **117** | **33,623** | **(47,106)** | **(13,366)** |

## 1. General information

Naked Wines International Limited ("the company") is a private company, limited by shares and incorporated in the United Kingdom under the Companies Act 2006 (registration number 07859647). The company is domiciled in the United Kingdom and is registered in England and Wales. The company's registered address is The Union Building, 51-59 Rose Lane, Norwich, NR1 1BY. The company is ultimately controlled by its immediate parent, Naked Wines plc, which is registered in the United Kingdom. Copies of the financial statements of Naked Wines plc Group for the 53 Weeks to 03 April 2023 can be obtained from the company at the registered address.

The principal activity of the company is set out on page 2.

## 2. Accounting policies

**Authorisation of financial statements and statement of compliance**
The financial statements of Naked Wines International Limited have been prepared in compliance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and in accordance with the applicable accounting standards.

**Basis of preparation**
The accounting policies which follow set out those policies which apply in preparing the financial statements for the 53 Weeks ended 03 April 2023. The company has taken advantage of the following disclosure exemptions under FRS 101:

(a) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment;
(b) the requirements of IFRS 7 Financial Instruments: Disclosures;
(c) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
(d) The requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
i. paragraph 79(a)(iv) of IAS 1;
ii. the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
(e) the requirements of IAS 7 Statement of Cash Flows;
(f) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
(g) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
(h) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
(i) the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets

The financial statements have been prepared under the historical cost convention.

The financial year represents the 53 Weeks to 03 April 2023 and the prior financial year, 53 Weeks to 28 March 2022. The financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

The company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements because it is a wholly owned subsidiary of Naked Wines plc which prepares consolidated financial statements which are publicly available. Accordingly, these financial statements are those of the company and not of its group.

## 2. Accounting policies (continued)

**Going concern**
On the basis that the Company is reporting a net liability at the reporting date, the Company has obtained a letter of support from its ultimate parent undertaking, Naked Wines plc, "the Group", that it will continue to provide financial support as necessary for the Company to meet its liabilities as they fall due for a period of at least 12 months following the date of approval of these financial statements.

In assessing the appropriateness of the going concern assumption, the Directors have considered (i) the cash requirements of the business to pursue its intended objectives and strategy, (ii) the sufficiency of resources of its ultimate parent undertaking Naked Wines PLC to be able to meet the obligations of the parent company letter of support to provide ongoing finance as necessary to meet its liabilities as they fall due, and (iii) potential variations in cash requirements of the Company and the ultimate parent company taking into account severe yet plausible downside scenarios that appropriately reflect the current uncertainties of the group.

The Directors note that the annual report and accounts of its ultimate parent company, Naked Wines PLC, have been prepared on a going concern basis with a material uncertainty. The material uncertainty related to going concern relates to the Naked Wines Group's ability to generate sufficient future cashflows while trading in a volatile environment, successful completion of planned actions and maintaining access to the forecast level of Asset Backed Lending facility to meet its minimum cash covenant in the going concern period. See Naked Wines PLC annual report and accounts for the year ended 3 April 2023 for further details. Having made necessary enquiries, the Directors have a reasonable expectation that the Company will be able to continue to meet its liabilities as they fall due but given the Company's reliance on support from the Group and factors detailed above, the Directors consider these conditions to constitute a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern, such that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

**New standards, amendments and IFRIC interpretations**
The following new amendments that are required to be adopted in annual periods beginning on 1 January 2023, do not have an impact on the financial statements of the company:

| IFRS | Subject |
|---|---|
| Amendments to IFRS 3 | Reference to the Conceptual Framework |
| Amendments to IAS 16 | Property, Plant and Equipment—Proceeds before Intended Use |
| Amendments to IAS 37 | Onerous Contracts – Cost of Fulfilling a Contract |
| Annual Improvements to IFRS Standards 2018-2020 Cycle | Amendments to IFRS 1 First-time Adoption of International Financial'Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture |

At the date of authorisation of these financial statements, the company has not applied the following new and revised IFRSs that have been issued but are not yet effective. The Directors do not expect that the adoption of the Standards listed above will have an impact on the financial statements of the company in future periods.

**2. Accounting policies (continued)**

| Effective date | IFRS | Subject |
|---|---|---|
| 1 January 2023 | Amendments to IAS 1 | Classification of Liabilities as Current or Non-current |
| | Amendments to IAS 1 and IFRS Practice Statement 2 | Disclosure of Accounting Policies |
| | IFRS 17 | Insurance Contracts |
| | Amendments to IAS 8 | Definition of Accounting Estimates |
| | Amendments to IAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |
| Effective date deferred indefinitely | Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture |

**Critical judgements and key sources of estimation uncertainty**
In the process of applying the Group's accounting policies, the Director consider that there are no significant judgements in the accounting policies and no key 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.

**Significant accounting policies**
The company's accounting policies, as set out below have been consistently applied during the year.

**Intangible Assets**
Intangible assets are stated at cost less accumulated amortisation and any impairment losses.
Amortisation is charged to the statement of comprehensive income within Administrative Expenses on a straight-line basis over the estimated useful life of the asset. Assets relating to Intellectual Property are charged to the statement of comprehensive income over eight years.

**Investment in subsidiaries**
Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment. Detailed cash flow forecasts prepared on a business unit basis reflecting intergroup recharges and the availability of liquidity from Group sources are used as an indicator of impairment when looking at the recoverability of the parent company's investments and loans in subsidiaries.

**Trade and other receivables**
Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost less any provision for impairment. Any provision for impairment is established based on an expected loss model.

**Cash and cash equivalents**
Cash and cash equivalents comprise cash at bank and in hand and short term deposits, with original maturities at inception of less than 90 days.

**Financial liabilities and equity**
Financial liabilities and equity instruments issued by the company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Interest-bearing bank loans and overdrafts are measured initially at fair value net of attributable arrangement costs, and subsequently at amortised cost, using the effective interest rate method.

**2. Accounting policies (continued)**

Trade and other payables are recorded at fair value which is estimated to be equivalent to book value.

Equity instruments issued by the company are recorded at the amount of the proceeds received, net of directly attributable issue costs.

**Foreign currency transactions**

Transactions in foreign currencies are translated at the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income for the year.
The company financial statements are presented in sterling which is the company's functional and presentational currency.

**Pensions**
The company contributes to the personal pension plans of certain staff. The contributions are charged as an expense as they fall due. Any contributions unpaid at the balance sheet date are included as an accrual at that date. The company has no further payment obligations once the contributions have been paid.

**Share based payments**
Naked Wines plc operates a number of equity-settled share based compensation plans and issues share awards to employees of the company.

The fair value of the employee services received in exchange for the grant of shares or options is recognised as an expense over the vesting period. The total amount to be expensed over the vesting period is determined by reference to the fair value of shares or options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of shares or options that are expected to vest. At each balance sheet date, the estimated number of shares or options that are expected to vest is revised and the company recognises the impact of the revision to original estimates, if any, in the statement of comprehensive income, with a corresponding adjustment to equity.

**Taxation**
The tax expense represents the sum of the tax currently payable and deferred tax.

*Current tax*
Income tax is recognised in the statement of comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

*Deferred tax*
Deferred taxation is accounted for in respect of temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in computation of taxable profit. Deferred tax is measured at the tax rates that are expected to apply in the periods in which the asset or liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. It is recognised in the statement of comprehensive income except when it relates to items credited or charged directly to other comprehensive income, in which case the deferred tax is also recognised in equity.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised. Their carrying amount is reviewed at each balance sheet date on the same basis. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and when the company intends to settle its current tax assets and liabilities on a net basis.

## 2. Accounting policies (continued)

Deferred income tax liabilities are recognised for all temporary differences, except where the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss and in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

*Revenue*
The company has a Franchise Fee arrangement with its subsidiaries and it is designed to reward the contribution of Group functions to the local trading activity.

## 3. Revenue

| | 2023 | 2022 |
|---|---|---|
| | £'000 | £'000 |
| Www.nakedwines.com Limited | 7,427 | 4,494 |
| Nakedwines.com Inc | 4,883 | 5,055 |
| Naked Wines Australia Pty Limited | 2,158 | 1,610 |
| | 14,468 | 11,159 |

## 4. Loss before tax

The loss before tax is stated after charging:

| | 2023 | 2022 |
|---|---|---|
| | £'000 | £'000 |
| Net foreign currency | 893 | 481 |
| **Auditor's remuneration** | | |
| Audit of the financial statements | 34 | 18 |

Audit fees were paid by Naked Wines plc and recharged as part of the management fees.

## 5. Staff costs

The average monthly number of employees during the year was as follows:

| | 2023 | 2022 |
|---|---|---|
| | number | number |
| Administrative and distribution | 2 | 2 |

Employee benefit expenses consist of:

| | 2023 | 2022 |
|---|---|---|
| | £'000 | £'000 |
| Wages and salaries | 238 | 131 |
| Social security costs | 31 | 16 |
| Other pension costs | 11 | 5 |
| | 280 | 215 |

The director was not remunerated for their services to the company.

## 6. Tax

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

### a) Tax on loss

The tax (credit)/charge is made up as follows:

| | 2023 | 2022 |
|---|---|---|
| | £'000 | £'000 |
| *Current income tax* | | |
| UK income tax | **(474)** | (804) |
| Adjustment in respect of the previous years | **(28)** | 13 |
| **Current income tax credit** | **(502)** | (791) |
| *Deferred tax* | | |
| Origination and reversal of temporary differences | **(384)** | 9 |
| Adjustment in respect of the previous years | **3** | - |
| Effect of change in tax rates on previous years balances | **-** | (1) |
| **Deferred tax credit** | **(381)** | 8 |
| **Total tax credit on loss for the year** | **(883)** | (783) |

### b) Tax on items recorded in reserves

| | 2023 | 2022 |
|---|---|---|
| | £'000 | £'000 |
| Deferred tax charge on share based payments | **2** | 1 |
| Total tax on items charged to equity | **2** | 1 |

### c) Tax Reconciliation

The tax assessed on the loss (2022: loss) for the year is lower (2022: lower) than the standard rate of corporation tax in the UK of 19% (2022: 19%) The differences are reconciled below.

| | 2023 | 2022 |
|---|---|---|
| | £'000 | £'000 |
| **Loss before tax** | **(2,514)** | (4,329) |
| Loss multiplied by the standard rate of corporation tax in the UK of 19% (2022: 19%) | **(478)** | (822) |
| Adjustment in respect of prior years | **(25)** | - |
| Change in tax rate on prior year balances | **-** | (2) |
| Non-deductible expenses | **-** | 10 |
| Deferred tax in Equity | **(2)** | - |
| Share based payments | **3** | - |
| Unrecognised deferred tax on losses | **(381)** | 31 |
| **Total tax credit** | **(883)** | (783) |
| Effective tax rate | **35.1%** | 18.1% |

Deferred tax balances have been calculated to the substantively enacted rate at which they are expected to reverse. Deferred tax on losses of £632,000 has been recognised in these financial statements on the basis that forecasts now show that is more likely than not, that future profits will be available against which to offset some of the carried forward trading losses.

### 6. Tax (continued)

Deferred tax on losses £21,001,000 (2022: £18,653,000) have not been recognised in these financial statements on the basis that there is insufficient evidence of suitable future taxable profits against which to recover any deferred tax asset created. There is no expiry date on these unrecognised losses.

### 7. Intangible Assets

The Intangible Asset held is a Trademark Purchase dated 25th November 2020. As per our Intangible Assets policy, Intellectual Property is amortised over eight years and so is expected to amortise until November 2028. The company is the Group's master franchisor and, in that capacity, owns all the intellectual property in the Group.

| | **Intellectual Property £'000** |
|---|---|
| **Cost** | |
| **At 03 April 2023 and** 28 March 2022 | **1,607** |
| | |
| **Accumulated Amortisation** | |
| At 28 March 2022 | **(269)** |
| Charge for the year | **(204)** |
| **At 03 April 2023** | **(473)** |
| | |
| **NBV** | |
| **At 03 April 2023** | **1,134** |
| At 28 March 2022 | 1,338 |

### 8. Deferred taxation

Deferred tax assets and liabilities represent the amounts of income taxes recoverable and payable in the future arising from temporary differences that arise when the carrying value of the assets and liabilities differ between accounting and tax treatments. Deferred tax has been recognised on tax losses carried forward, provisions and share based payments.

| | 2022 £'000 | Recognised in statement of comprehensive income £'000 | Recognised in equity £'000 | **2023 £'000** |
|---|---|---|---|---|
| Share based payments | 5 | (1) | (2) | **2** |
| Tax losses carried forward | - | 384 | - | **384** |
| Provisions | 6 | (2) | - | **4** |
| | **11** | **381** | **(2)** | **390** |

## 9. Investment in Subsidiaries

| | £'000 |
|---|---|
| | **£'000** |
| **Cost or valuation at 3 April 2023 and 28 March 2022** | **120** |
| **Amounts provided for:** | |
| At 28 March 2022 | **(50)** |
| Impairment charge in the year | (5) |
| **At 3 April 2023** | **(55)** |
| **Net book value** | |
| **At 3 April 2023** | **65** |
| At 28 March 2022 | 70 |

The Directors prepared detailed value in use calculations, including separate cash flow forecasts for each business unit, for the purpose of evaluating the Company's investment in subsidiaries for impairment. These calculations and forecasts contain estimates and judgements on the expected future trading prospects of each of the Company's subsidiaries. As a result of these assessments, the Directors identified an impairment charge in the year of £5,000.

The company owns the following investments:

| | **Country of incorporation** | **Registered address** | **Holding %** |
|---|---|---|---|
| www.nakedwines.com Limited | United Kingdom | The Union Building, 51-59 Rode Lane, Norwich, NR1 1BY | 100% |
| Naked Fine Wine Bonds plc | United Kingdom | The Union Building, 51-59 Rode Lane, Norwich, NR1 1BY | 100% |
| Naked Wines Australia Pty Ltd | Australia | 18 Sydney Road, Manly, NSW 2095, Australia | 100% |
| Nakedwines.com, Inc | USA | 135 Gasser Drive, Suita A, Napa, CA 94559, USA | 100% |
| Nakedwines.com Prepayments Protection company, LLC | USA | 135 Gasser Drive, Suita A, Napa, CA 94559, USA | 100% |

All the shares held by the company in the subsidiary undertakings are ordinary shares.

## 10. Non-current receivables

| | **2023** | 2022 |
|---|---|---|
| | **£'000** | £'000 |
| Amounts due from fellow subsidiaries' undertakings | **86,270** | 70,930 |
| | **86,270** | 70,930 |

The Director have determined that these amounts are not expected to be recovered within the next 12 months. They are financing in nature, unsecured, repayable on demand and are interest free.

### 11. Trade and other payables

| | 2023 | 2022 |
|---|---|---|
| | £'000 | £'000 |
| Amounts due to parent undertakings | **(101,171)** | (84,100) |
| Accruals and other payables | **(48)** | (9) |
| Other taxes and social security | **(8)** | - |
| | **(101,227)** | (84,109) |

The amounts due to parent undertakings are financing in nature, have no fixed repayment terms, are interest free and are not expected to be settled within one year.

There are no amounts due after more than 5 years.

### 12. Share capital

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | **Number of shares** | **Value £'000** | Number of shares | Value £'000 |
| **Authorised, allotted and fully paid** | | | | |
| Ordinary shares of £.001 each | **116,817,619** | **117** | 116,817,619 | 117 |

There has been no change to the company's authorised or allotted share capital during the 53 Weeks to 03 April 2023.

### 13. Share premium account

| | £'000 |
|---|---|
| **At 03 April 2023 and 28 March 2022** | **33,623** |

The share premium represents the amounts received by the company on the issue of Ordinary shares that are in excess of the nominal value of the issued shares less share issue costs.

### 14. Share based payments

The total charge recognised in the Statement of comprehensive income in respect of share-based payments (including social security costs) is £24,172 (2022: £10,176) relating to share schemes.

The company operated three share schemes during the year, all of which are equity settled.

i) The Naked Wines plc Long-Term Incentive Plan (LTIP) was adopted on 20 July 2016. The first grant of shares under the rules of the scheme was made in July 2016. This scheme is unapproved. All LTIP awards have a three-year vesting period. The LTIP's granted prior to July 2020 are subject to a relative Total Shareholder Return ("TSR") performance condition, where the TSR of the Company over the performance period is compared to the TSR of a comparator group of similar companies. The LTIP's granted in July 2020 and July 2021 are conditional on the achievement of specified Group performance targets as well as a superior TSR relative to the Group's peers over a three-year period. This scheme permits the grant of options in respect of Ordinary Shares to selected employees. Shares are normally exercisable between three and five years from the date of grant for consideration not less than market value at grant date.

ii) The Naked Wines plc Share Incentive Plan (SIP) was adopted on 20 July 2016. The first grant of shares under the rules of the scheme was in July 2017. All SIP awards have a three-year vesting period and is not subject to any performance conditions other than continued employment. This scheme permits the grant of options in respect of Ordinary Shares to selected employees. Shares are normally exercisable between three and five years from the date of grant for consideration not less than market value at grant date.

### 14. Share based payments (continued)

iii) The Naked Wines plc Long-Term Inventive Plan 2022 (New LTIP) was adopted on 10 August 2022. The first grant of options under the rules of the scheme was made in August 2022 at an option price of 157.5p. This scheme is unapproved. The New LTIP award will vest as follows: 25% of the Shares will vest on the first anniversary of the grant date and 6.25% per quarter thereafter subject to continued employment (i.e. the awards will fully vest after four years). This scheme permits the grant of options in respect of Ordinary Shares to all employees.

Share were exercised on a regular basis throughout the year. The following table lists the weighted average share price, remaining contractual life in years and exercise prices for share awards outstanding at the year end for the three schemes currently in operation.

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | LTIP | SIP | New LTIP | LTIP | SIP | New LTIP |
| Weighted average share price for options exercised during the year | £2.24 | £1.17 | - | £7.59 | 6.68 | - |
| weighted average remaining contractual life in years | 0.70 | 1.20 | 1.58 | 1.28 | 1.60 | - |
| Exercise prices for share options outstanding at the end of the year | £nil | £nil | £1.575 | £nil | £nil | - |

### 15. Events since the balance sheet date

On 22 August 2023, the Directors of the ultimate parent company, Naked Wines plc, concluded an amendment to the principal covenant obligations of the Group's asset backed lending facility. The Company is a participant and guarantor to the financial condition covenants in relation to this credit facility.

This amendment moves the facility defined adjusted EBITDA covenant commitment threshold from a trailing three to a trailing 12-month basis from the beginning of FY25 and increases the size and specificity of the non recurring expense add-back in the calculation of the facility defined adjusted EBITDA covenant commitment. The amendment also documented as a post close completion obligation the inclusion of the Group's Australian businesses as loan parties to the agreement. These revised covenant obligations came into effect for periods beginning after 2 October 2023.

The introduction of the revised covenant commitments has no financial effect on the operation of the credit facility. However, the Directors of the ultimate parent company believe that the revised profit covenant test provides the Group with greater latitude in the unwind of the Group's excess inventory and management of its operating cost base.

There were no other events after the balance sheet date that had a material impact on the financial position and performance of the Company.

### 16. Ultimate parent company

The immediate parent undertaking, ultimate parent undertaking and controlling party is Naked Wines plc which is the parent undertaking of the smallest and largest group to consolidate these financial statements and is incorporated in the United Kingdom.

The registered address for both the immediate parent undertaking and the ultimate parent undertaking is The Union Building, 51-59 Rose Lane, Norwich, NR1 1BY. Group Financial Statements are available via the Investors section of the Naked Wines website: www.nakedwinesplc.co.uk.